



March 2016

# DEFENSE INFRASTRUCTURE

More Accurate Data  
Would Allow DOD to  
Improve the Tracking,  
Management, and  
Security of Its Leased  
Facilities

# GAO Highlights

Highlights of [GAO-16-101](#), a report to congressional committees

March 2016

## DEFENSE INFRASTRUCTURE

### More Accurate Data Would Allow DOD to Improve the Tracking, Management, and Security of Its Leased Facilities

#### Why GAO Did This Study

Overreliance on costly leasing is one of the major reasons that federal real property management remains on GAO's high-risk list. GAO's prior work has shown that owning buildings often costs less than operating leases, especially where there are long-term needs for space.

House Report 113-102 included a provision that GAO review DOD's management of leased space. For fiscal years 2011 and 2013, this report evaluates the extent to which DOD (1) has accurate and complete data on the number, size, and costs of its leases; (2) has taken actions to reduce its reliance on leased space; and (3) has oversight of the status of security assessments conducted for leased facilities contracted through GSA. GAO analyzed lease data from the real property systems kept by DOD, the military departments, WHS, and GSA, and facility security assessment data from FPS and the Pentagon Force Protection Agency; reviewed guidance; and interviewed cognizant officials.

#### What GAO Recommends

GAO recommends four actions to improve DOD's management of its leased facilities. DOD concurred with GAO recommendations to (1) enforce its guidance to provide annual rent plus other costs for each asset on the same lease, and (2) request information from FPS on facility security assessments. DOD did not concur with GAO recommendations to capture total square footage, by lease, or to look for opportunities to move DOD organizations in leased space onto installations. As discussed in the report, GAO believes that these recommendations remain valid.

View [GAO-16-101](#). For more information, contact Brian Lepore at (202) 512-4523 or [leporeb@gao.gov](mailto:leporeb@gao.gov).

#### What GAO Found

While the Department of Defense (DOD) is taking some steps to address data issues, it cannot fully determine the number, size, and costs of its leases for real property because its Real Property Assets Database (RPAD), the real property inventory system that DOD uses to report on its leased assets, contains some inaccurate and incomplete data. GAO found that about 15 percent of the RPAD lease records for fiscal year 2011 and 10 percent of the records for fiscal year 2013 were inaccurate. Most of these errors were in the lease records for the Army (the manager of about 80 percent of the leased assets records in RPAD); however, the Army is aware of these issues and is taking steps to correct future data. GAO also found that RPAD did not include about 5 percent of the Army's lease records for fiscal years 2011 and 2013. GAO conducted a random sample of the fiscal year 2013 RPAD data and found that the data element required to calculate costs was unreliable for 11 of the 84 Army sample records. GAO found that the Army was not following DOD's guidance for reporting costs on leases that have multiple assets associated with them. Furthermore, GAO found that RPAD does not contain a data element for the square footage for leases in which there are multiple tenants occupying space in the same building, as is the case for some Washington Headquarters Services (WHS) leases.

DOD is implementing a presidential memorandum and a series of Office of Management and Budget memorandums to maintain or reduce owned and leased space, but has projected minimal change to its leasing activities. There have been opportunities in the past to reduce its leased space; however, DOD reoccupied over 1.1 million square feet in leased space previously vacated when it implemented the 2005 Base Closure and Realignment recommendations. In some cases, DOD tenants occupy leased space close to large installations that may have had unused facilities. Potential force structure reductions may offer an opportunity to further reduce DOD's reliance on leased space in the future, if DOD actively identifies suitable underutilized facilities on its installations.

DOD does not have complete oversight of the security assessments conducted for its leased facilities acquired through the General Services Administration (GSA). Facility security assessments, which are required to be conducted every 3 to 5 years, are conducted by the Pentagon Force Protection Agency and the Federal Protective Service (FPS) using established standards. The Pentagon Force Protection Agency had completed the required assessments for the facilities for which it is responsible between August 8, 2013, and January 31, 2014. However, DOD has not requested information on whether FPS, the primary agency for protecting federal facilities, has completed its facility security assessments as required for all DOD-leased locations. GAO analyzed the FPS assessment data for fiscal years 2011 and 2013 and identified several issues: (1) some assessments were not scheduled within required time frames, (2) data on previously recorded assessment dates were overwritten when updated, and (3) dates for completed and next-scheduled assessments were not always recorded. While FPS is not required to inform DOD about assessment schedules, without periodically requesting information on whether facility security assessments have been conducted, DOD does not have the information it needs to ensure that its leased facilities are secure.

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### **Abbreviations**

BRAC	base closure and realignment
DOD	Department of Defense
FPS	Federal Protective Service
GSA	General Services Administration
OMB	Office of Management and Budget
RPAD	Real Property Assets Database
WHS	Washington Headquarters Services

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March 15, 2016

## Congressional Committees

Overreliance on costly leasing is one of the reasons that federal real property management remains on our high-risk list.<sup>1</sup> Our work over the years has shown that owning buildings often costs less than operating leases, especially where there are long-term needs for space, although under certain conditions—such as fulfilling short-term needs for administrative office space—leasing may be a lower-cost option than ownership. The General Services Administration (GSA) manages leased facilities throughout the federal government and plays a significant role in providing a safe, healthy, and secure environment for employees and visitors to federal facilities. In September 2013, we reported that for 67 of 89 GSA leases we examined, the government could have saved almost \$1 billion if it had constructed rather than leased space for federal agencies.<sup>2</sup> The Department of Homeland Security, in coordination with GSA, has designated responsibility for the security of federal facilities.<sup>3</sup> The Federal Protective Service, a component of the Department of Homeland Security's National Protection and Programs Directorate, protects buildings, grounds, property, and the persons on the property under the control and custody of GSA.

In the 2005 defense base closure and realignment (BRAC) process, the Department of Defense (DOD) proposed to the BRAC Commission 31 recommendations that involved relocating certain DOD activities from leased space to government-owned space, which the Commission

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<sup>1</sup>GAO, *High-Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: Feb. 11, 2015). The High-Risk Series focuses on government operations that we have identified as high risk because of their greater vulnerabilities to fraud, waste, abuse, and mismanagement, or the need for transformation to address economy, efficiency, or effectiveness challenges.

<sup>2</sup>GAO, *Federal Real Property: Greater Transparency and Strategic Focus Needed for High-Value GSA Leases*, [GAO-13-744](#) (Washington, D.C.: Sept. 19, 2013).

<sup>3</sup>See 40 U.S.C. § 1315(a).

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approved.<sup>4</sup> As part of the justification for some of these recommendations, the Secretary of Defense noted that their implementation would reduce DOD's reliance on leased space. The Secretary further acknowledged in his justification for these recommendations that leased space historically has higher overall costs than government-owned space and generally does not meet antiterrorism force-protection standards. In March 2015, the Acting Assistant Secretary of Defense (Energy, Installations and Environment) testified that a 2004 DOD study concluded that DOD had 24 percent aggregate excess infrastructure capacity and that the 2005 BRAC recommendations disposed of only 3.4 percent of this excess.<sup>5</sup>

We have a body of work that has examined the federal government's reliance on leased facilities. In addition, we testified before Congress in May 2014 that assessing security risk at federal leased facilities remains a challenge.<sup>6</sup> As part of the 2005 leasing-related BRAC recommendations, DOD planned to vacate about 12 million square feet of leased space and move DOD tenants into more secure, functionally enhanced, government-owned facilities. However, as we reported in March 2013, DOD was unable to provide us with information on how much of the 12 million square feet it had vacated by the conclusion of BRAC implementation, because it had not developed a plan or established a mechanism to monitor those changes over the 6-year

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<sup>4</sup>The BRAC statute establishes an independent commission to review the Secretary of Defense's realignment and closure recommendations, with the authority to change these recommendations in certain circumstances if it determines that the Secretary deviated substantially from the selection criteria and a DOD force structure plan. The 2005 Defense Base Closure and Realignment Commission (referred to in this report as the BRAC Commission) presented its list of final recommendations to the President of the United States, who approved them in their entirety. The President subsequently forwarded these BRAC recommendations to Congress, and they became effective on November 9, 2005.

<sup>5</sup>Statement of John Conger, Acting Assistant Secretary of Defense (Energy, Installations, and Environment) before the Subcommittee on Readiness, House Committee on Armed Services, 113th Cong., 2nd sess., March 3, 2015. In June 2013, we concluded that the methodology that DOD used to estimate excess capacity had limitations including only considering an installation's primary mission when developing the estimate. GAO, *Defense Infrastructure: DOD's Excess Capacity Estimating Methods Have Limitations*, [GAO-13-535](#) (Washington, D.C.: June 20, 2013).

<sup>6</sup>GAO, *Federal Protective Service: Protecting Federal Facilities Remains a Challenge*, [GAO-14-623T](#) (Washington, D.C.: May 21, 2014).

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BRAC implementation period that ended on September 15, 2011.<sup>7</sup> To improve planning for measuring the results of implementing the BRAC recommendations for a future BRAC, we recommended that DOD identify appropriate measures of effectiveness and develop a plan to demonstrate the extent to which the department achieved the results intended from the implementation of the BRAC. DOD did not concur with our recommendation, stating that military value, which is based on force structure and mission needs, should continue to be the key driver for BRAC and that a business plan process was used to ensure recommendations were implemented. In our report, we emphasized that there was nothing in our recommendation that undermined the reliance on military value in making BRAC recommendations. We also acknowledged benefits from the business plans that DOD uses. That said, though, we reiterated that DOD's business plans are focused on the implementation of *individual* BRAC recommendations and not on the effectiveness of the BRAC process as *a whole*. In fact, we note that in March 2012, DOD requested two more BRAC rounds, in part because it has reported that it still maintains excess facilities capacity at some of its military installations.

House Report 113-102, accompanying a bill for the National Defense Authorization Act for Fiscal Year 2014,<sup>8</sup> included a provision that we review various aspects of DOD's management of leased space. This report addresses the extent to which DOD (1) has accurate and complete data on the number, size, and costs of its leases; (2) has taken actions to reduce its reliance on leased space since 2011; and (3) has oversight of the status of security assessments conducted for its leased facilities contracted through GSA.

To determine whether DOD has accurate and complete data on the number, size, and costs of its leases, we obtained and analyzed selected data elements from the real property records contained in DOD's Real Property Assets Database (RPAD), as well as data from the military

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<sup>7</sup>GAO, *Military Bases: Opportunities Exist to Improve Future Realignment and Closure Rounds*, [GAO-13-149](#) (Washington, D.C.: Mar. 7, 2013).

<sup>8</sup>Pub. L. No. 113-66 (2013).

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departments' and Washington Headquarters Services' (WHS)<sup>9</sup> real property inventory systems, for fiscal years 2011 and 2013.<sup>10</sup> Specifically, we analyzed selected data elements in the lease records for fiscal year 2011 (the final year of a 6-year period to implement the BRAC 2005 recommendations) and fiscal year 2013 (the most recent full year of data available at the time we initiated this review) to determine whether these data were sufficiently reliable to provide a basis for managing leases and externally reporting information on leases. We drew a statistical random sample of fiscal year 2013 data to assess the reliability of DOD's real property lease data. The results of our analysis are generalizable across all lease records for fiscal year 2013, with a 95 percent chance that the difference between the estimated and the true population percentage is within 10 percentage points. We also obtained lease data from GSA for the real property assets it managed on behalf of DOD for fiscal years 2011 and 2013. However, GSA's real property management system does not retain historical information; as a result, GSA researched old files and compiled the information that was available in an attempt to satisfy our data requests. Due to a lack of historical information for fiscal years 2011 and 2013, there were a number of inconsistencies in the data provided. For example, lease numbers were not available for fiscal year 2011, and

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<sup>9</sup>WHS is a DOD agency that, among other things, manages DOD leased facilities within the National Capital Region that are not managed by the military departments. WHS aligns under the Director of Administration in the Office of the Deputy Chief Management Officer.

<sup>10</sup>For the purposes of this review, we evaluated the real property records that were identified in RPAD as "grants," and had a real property type designation of "lease." Throughout this report, we refer to these records as "leases" because of their real property type designation. These records represented DOD's interest in or rights to the real property that were acquired and conveyed through various legal documents—such as a lease, easement, or lesser interest (right-of-entry, right-of-way, license, host-tenant agreement, or permit)—for a specific period, typically in exchange for payment of rent or other specified consideration to the owner. DOD acquires these interests in real property from private organizations, GSA, and state and local organizations. In addition, some records represented instances in which DOD was using real property that is owned by a federal agency other than GSA. While a military service or defense agency may acquire real property from another federal agency, military service, or defense agency—or from another organization within the same military service or defense agency—we did not include these types of transactions in our review. While these records are identified as leases in RPAD, DOD is typically granted rights to use real property owned by other federal agencies through permits, licenses, or use agreements rather than leases, and at minimal costs, if any. Additionally, there were other cases in which some of these records were outside the scope of our review. For example, some records reflected agreements in which a private organization or state or local agency rather than a military service or defense agency was identified as the tenant.



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the lease start and expiration dates were not available for fiscal year 2013. The lack of such data prevented us from conducting a year-to-year comparison of the GSA data. However, we were able to use the data to help us determine the process DOD uses to track its leases and to make some comparisons of the GSA data with data contained in RPAD to determine, among other things, what type of data is collected for management purposes and whether duplicate records existed. We gathered and analyzed documentation, such as DOD directives and instructions and military-department guidance reflecting DOD's and the military departments' management of real property and how DOD uses the data in RPAD. We interviewed officials at the Office of the Assistant Secretary of Defense (Energy, Installations and Environment), WHS, the real property offices for each of the three military departments (which include the four military services), and GSA to obtain information about the management of their real property management systems. Based on the results of our analysis, we determined that data from RPAD were neither accurate nor complete, and therefore were not sufficiently reliable for our use to determine the number of leases and the size and cost of DOD's leased assets for fiscal years 2011 and 2013. Further data issues are discussed within the findings of our report.

To determine the extent to which DOD has taken actions to reduce its reliance on leased space since 2011, we obtained and reviewed the 2005 Defense Base Closure and Realignment Commission report and identified recommendations for realigning and closing some DOD leased facilities that had to be implemented by September 15, 2011. We also reviewed DOD's 2013 Freeze the Footprint reports that were submitted to the Office of Management and Budget (OMB)—the most current reports available when we initiated this review—to identify DOD's planned initiatives to reduce its domestic office and warehouse space (including both leased and owned space).<sup>11</sup> We interviewed officials from the Office

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<sup>11</sup>Office of Management and Budget Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations* (May 11, 2012), describes a series of policies and practices related to reducing costs and improving efficiencies in government real estate, among other things, and builds on measures already in place at various agencies. In March 2013, OMB issued clarifying guidance for implementing the real property portion of the May 2012 memorandum: Office of Management and Budget Management Procedures Memorandum No. 2013-02, *Implementation of OMB M-12-12 Section 3: Freeze the Footprint* (Mar. 14, 2013). For fiscal year 2013, DOD submitted multiple Freeze the Footprint reports to OMB, including one for each of the military departments, WHS, and the U.S. Army Corps of Engineers. However, for fiscal year 2014, DOD submitted one consolidated report.

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of the Assistant Secretary of Defense (Energy, Installations and Environment) to discuss DOD's policies and ongoing initiatives involving DOD's use of leased space. We also interviewed real property officials from the Department of the Army and gathered documentation on its initiatives regarding leased space that would assist them in meeting the Freeze the Footprint requirements. We focused on the Army because, in its role as executive agent for joint service programs and some defense agencies, as well as its own mission needs, it has more leases than the other military departments and WHS combined. We interviewed and gathered documentation from officials at WHS to determine whether DOD was reoccupying leased space previously vacated in the National Capital Region as a result of the 2005 BRAC recommendations. The National Capital Region was the primary focus of the 2005 BRAC recommendations that involved moving DOD activities from leased space to government-owned space. We obtained DOD reports on the number and location of its leases and interviewed officials who maintain the leases. We also reviewed our December 2013, report, which identifies DOD installations that may have available administrative office space based on the inactivations of 10 Army Brigade Combat Teams that are expected to begin in fiscal year 2017.<sup>12</sup> We then analyzed the lease data elements from DOD's RPAD system for fiscal year 2013 to see if any opportunities existed for DOD to reduce its leased space based on the proximity of leased space to installations that could have additional unutilized or underutilized buildings in the future as a result of planned reductions in force structure. As noted earlier, we chose fiscal year 2013 data because those were the most recent data available at the time we initiated this review.

To determine the extent to which DOD has oversight of the status of security assessments conducted for leased facilities contracted through GSA, we obtained information regarding facility security assessments of DOD leased space for fiscal years 2011 and 2013, the same fiscal years for which we were reviewing DOD's lease records. We obtained data from the Federal Protective Service to determine when facility security assessments had been conducted and when the next security assessments were scheduled. We reviewed and analyzed the Federal Protective Service's tracking schedule for the facility security

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<sup>12</sup>GAO, *Defense Infrastructure: Army Brigade Combat Team Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process*, [GAO-14-76](#) (Washington, D.C.: Dec. 11, 2013).

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assessments it performs for DOD's leased facilities. We also examined the Federal Protective Service's facility assessment schedules for 500 leased facilities in fiscal year 2011 and 484 leased facilities in fiscal year 2013. Many of these facilities had multiple leases or occupancy agreements. We also met with officials from the Federal Protective Service to discuss inconsistencies and missing data that we found in its facility security assessment data. Because some of the data were incomplete and inaccurate, we determined that the Federal Protective Service's schedule for conducting and tracking facility security assessments was not sufficiently reliable to determine whether the facility security assessments had been completed as required. We also reviewed our August 2012 report in which we reported that the Federal Protective Service's facility security assessments data contained a number of missing and incorrect values that made the data unreliable to determine the extent of their backlog of assessments that needed to be completed.<sup>13</sup> We discuss these data issues further in the findings of our report. We reviewed DOD directives and instructions and other related documentation to determine which DOD organization has oversight responsibility for facility security assessments and physical security, and the scope of this responsibility. We interviewed officials in the Office of the Secretary of Defense with facility and security responsibilities, the military departments, and WHS to obtain general information on the status of their facilities meeting security requirements. We also met with officials from the Pentagon Force Protection Agency and the Federal Protective Service to obtain information on the standards and status of facilities meeting security requirements. We also reviewed the Pentagon Force Protection Agency's tracking schedule for the facility security assessments it performs for the DOD leased facilities for which it is responsible to determine whether required assessments had been completed. We found that the Pentagon Force Protection Agency's data were sufficiently reliable for our purposes. See appendix I for details of our scope and methodology for this review.

We conducted this performance audit from July 2013 to March 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our

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<sup>13</sup>GAO, *Federal Protective Service: Actions Needed to Assess Risk and Better Manage Contract Guards at Federal Facilities*, [GAO-12-739](#) (Washington, D.C.: Aug. 10, 2012).

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findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

### DOD's Real Property Management Program

DOD's Real Property Management Program is governed by statute<sup>14</sup> and by DOD guidance documents that establish accountability for real property and requirements for financial reporting. These laws and guidance documents require DOD and the military departments to maintain certain data elements about their facilities to ensure efficient property management. Three DOD guidance documents—DOD Directive 4165.06,<sup>15</sup> DOD Instruction 4165.14,<sup>16</sup> and DOD Instruction 4165.70<sup>17</sup>—assign responsibilities for managing DOD's real property inventory to a number of organizations, including the Under Secretary of Defense (Acquisition, Technology and Logistics), and the military departments. DOD Directive 5110.4 assigns WHS responsibility for managing the DOD leased facilities within the National Capital Region that are not managed by the military departments.<sup>18</sup> For real property accountability, DOD Instruction 4165.70 provides WHS with the same responsibilities as the military departments.

DOD Directive 4165.06 assigns overall responsibility for DOD's real property, including its leased assets, to the Under Secretary of Defense (Acquisition, Technology and Logistics) and specific responsibilities to the three military departments. DOD leases are categorized by four real property types: (1) land; (2) buildings (roofed and floored facilities enclosed by exterior walls and consisting of one or more levels that are

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<sup>14</sup>See, for example, 10 U.S.C. § 2721.

<sup>15</sup>Department of Defense Directive 4165.06, *Real Property* (Oct. 13, 2004, certified current Nov. 18, 2008).

<sup>16</sup>Department of Defense Instruction 4165.14, *Real Property Inventory (RPI) and Forecasting* (Jan. 17, 2014).

<sup>17</sup>Department of Defense Instruction 4165.70, *Real Property Management* (Apr. 6, 2005).

<sup>18</sup>Department of Defense Directive 5110.4, *Washington Headquarters Services (WHS)* (March 27, 2013).

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suitable for single or multiple functions); (3) linear structures (facilities whose function requires that they traverse land [e.g., runway, road, rail line, pipeline, fence, pavement, electrical distribution line] and are reported by a linear unit of measure); and (4) structures (facilities other than buildings or linear structures that are constructed on or in the land, e.g., tower, storage tank, wharf, pier). DOD manages its real property lease data by collecting and compiling designated asset-level data into RPAD, which is the single authoritative source for all data on DOD's real property inventory. RPAD includes real property records for owned and leased assets that are directly managed by the military departments and WHS. DOD Instruction 4165.70 requires the military departments and WHS to keep accurate records of the real property assets—including leased facilities—under their jurisdiction, custody, and control. It also makes DOD real property administrators accountable for maintaining a current inventory count and up-to-date information about the cost, functional use, status, condition, and utilization of each real property unit in the department's real property inventory, among other things.

DOD Instruction 4165.14 requires that the annual real property inventory submissions<sup>19</sup> from the military departments and WHS comply with DOD's Real Property Information Model, which provides the framework for all real property data and any associated business rules.<sup>20</sup> The model contains nearly 240 data elements that are to be maintained in RPAD and the data dictionary for using these elements.<sup>21</sup> Each of the military departments<sup>22</sup> maintains its own real property inventory system to track owned and leased assets that it manages. WHS uses a spreadsheet based on DOD's Real Property Inventory Requirements to manage DOD leased facilities in the National Capital Region that are not managed by

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<sup>19</sup>According to DOD, the submissions are produced by the military departments' and WHS' authoritative real property systems.

<sup>20</sup>Business rules define the conditions that the data contained in a database must meet, such as the data must be in the same format or must contain the same kind of information. For example, some data elements must contain dollar amounts, and some must contain dates—each of these within specified parameters.

<sup>21</sup>When we initiated our review, DOD was using DOD Real Property Information Model version 6.0a; however, during the course of our review, DOD issued an updated version of the data dictionary supporting this model.

<sup>22</sup>The three military departments are headed by the Secretary of the Army, the Secretary of the Navy (for the Navy and the Marine Corps), and the Secretary of the Air Force.

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the military departments. At the end of each fiscal year, the military departments and WHS are to transmit data from their real property inventory systems to DOD for consolidation in RPAD, and the data is to be certified by the military departments' and WHS's real property officers as being as accurate and complete as possible. DOD has a verification and validation process to determine whether each data element has an entry that is in the correct format and complies with established business rules. However, when data anomalies are discovered with the data provided by the military departments and WHS, DOD would need to provide the data back to the submitting organization for review and correction as necessary. GSA provides DOD use of facilities that GSA either owns or acquires under a lease on DOD's behalf. GSA's real property inventory system—Real Estate Across the United States—is a real-time database that includes GSA-owned space and GSA-leased space that it manages and furnishes to DOD for use through occupancy agreements. The lease data from the military departments and WHS real property inventory systems that are included in RPAD and their GSA occupancy agreements should provide a complete picture of DOD's leased real property assets. The data for the leased assets that are directly managed by the military departments and WHS are reported annually in DOD's internal reports, such as its Base Structure Report,<sup>23</sup> and in its submission to the Federal Real Property Profile.<sup>24</sup> Similarly, GSA reports its own assets that DOD uses or assets that it acquires under a lease on DOD's behalf in its annual submission to the Federal Real Property Profile.<sup>25</sup> According to RPAD managers, to avoid duplication of assets in its annual submission to the Federal Real Property Profile, DOD does not report any assets that are leased from other federal agencies, including GSA. Figure 1 shows the real property

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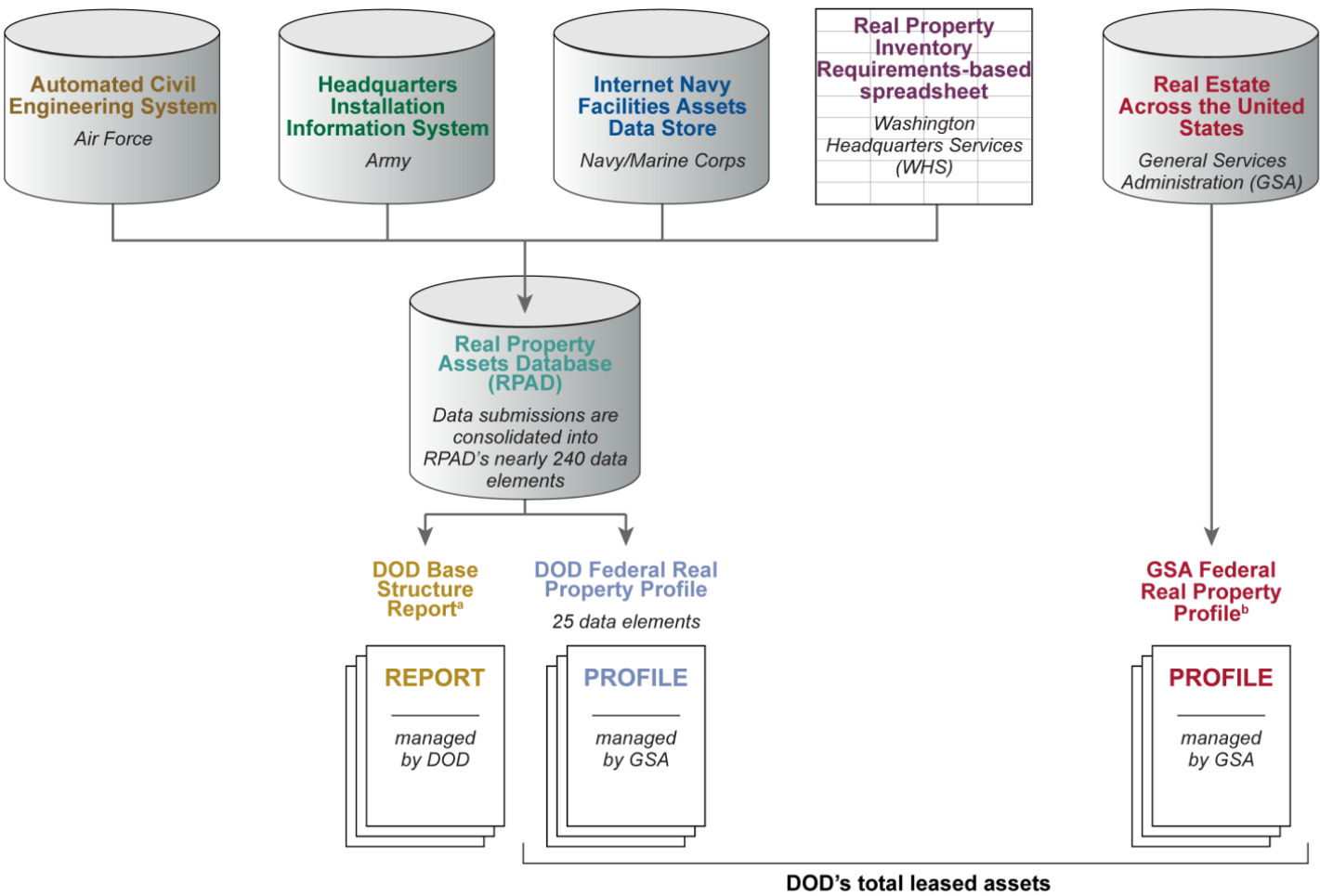
<sup>23</sup>DOD's *Base Structure Report* is a snapshot of real property assets as of September 30 of the previous fiscal year and serves as the baseline for the subsequent fiscal year's report.

<sup>24</sup>The *Federal Real Property Profile* is intended to serve as a single comprehensive database that contains data on the real property assets held by all executive-branch agencies, which must report their federal real property inventory data to GSA on an annual basis.

<sup>25</sup>According to GSA officials, all GSA assets, regardless of the tenant agency, are reported in its submission to the *Federal Real Property Profile*. However, because GSA reports only one agency per asset, the largest tenant will be identified as the using agency for that asset in the report. This means that although DOD may have occupancy agreements for space in GSA assets, not all of them may show up in GSA's submission to the *Federal Real Property Profile*.

inventory systems that provide the data for reporting on DOD’s real property assets that are directly leased by the military departments and WHS and leased assets that DOD uses through GSA occupancy agreements.

**Figure 1: Diagram of DOD’s and GSA’s Real Property Inventory Systems Used to Account for DOD’s Total Real Property Leased Assets**



Source: GAO analysis of Department of Defense (DOD) data. | GAO-16-101

<sup>a</sup>The DOD Base Structure Report is one of several internal DOD reports produced from the RPAD data.

<sup>b</sup>Although all DOD occupancy agreements are included in GSA’s real property inventory system, DOD is only listed as a using agency in the GSA Federal Real Property Profile if it is the largest tenant occupying space in the asset.

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## Agencies Responsible for Security of DOD Leased Facilities

The Department of Homeland Security, in coordination with GSA, has designated responsibility for the security of federal facilities.<sup>26</sup> The Federal Protective Service, a component of the Department of Homeland Security's National Protection and Programs Directorate, protects buildings, grounds, property, and the persons on the property under the control and custody of GSA. Although the Federal Protective Service is the primary agency responsible for protecting these facilities, the Department of Homeland Security may delegate the protection of buildings to tenant agencies such as DOD. The Pentagon Force Protection Agency,<sup>27</sup> a defense agency and a component of DOD, provides force protection, security, and law enforcement to safeguard personnel, facilities, infrastructure, and other resources for the Pentagon Reservation and 16 DOD-leased facilities within the National Capital Region that are managed by WHS.<sup>28</sup> However, the military departments provide security for the leased facilities they manage, including those facilities in the National Capital Region.

Facility security assessments are conducted by the Pentagon Force Protection Agency and the Federal Protective Service, using standards set by the Interagency Security Committee. The Interagency Security Committee, which consists of over 100 senior-level executives from 54 federal agencies and departments, develops and evaluates security standards, and oversees the implementation of appropriate security

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<sup>26</sup>See 40 U.S.C. § 1315(a).

<sup>27</sup>According to Department of Defense DOD Instruction 5105.68, *Pentagon Force Protection Agency (PFPA)* (Dec. 5, 2013), the Pentagon Reservation is the area of land consisting of approximately 233 acres and improvements located in Arlington, Virginia, on which the Pentagon Office Building, Pentagon Emergency Response Center, classified waste destruction facility, Pentagon heating and sewage treatment plants, and other related facilities are located, including various areas designated for vehicle parking. This term includes the land and physical facilities of Raven Rock Mountain Complex, pursuant to section 2674 of Title 10 of the United States Code. According to Department of Defense Directive 5110.4, *Washington Headquarters Service (WHS)* (Mar. 27, 2013), the National Capital Region includes the District of Columbia; Montgomery and Prince Georges Counties in Maryland; and Arlington, Fairfax, Loudon, and Prince William counties and the cities of Alexandria and Falls Church in Virginia.

<sup>28</sup>In July 2014, the Pentagon Force Protection Agency and the Federal Protective Service signed a memorandum of agreement that outlines the protection authorities and responsibilities of each organization for facilities in the National Capital Region where DOD occupies leased space. According to Pentagon Force Protection Agency officials, the memorandum will help to improve communication between the two agencies, management of facilities and data, and coordination efforts when required.



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measures in nonmilitary federal facilities in the United States. The Interagency Security Committee was established by Executive Order 12977,<sup>29</sup> and the primary members represent 21 federal departments and agencies and the associate members represent 33 federal departments and agencies.<sup>30</sup> DOD, the Department of Homeland Security, and GSA are primary members, and the Federal Protective Service is an associate member. The Interagency Security Committee defines the criteria and processes that those responsible for the security of a nonmilitary federal facility should use to determine its Interagency Security Committee baseline facility security level.<sup>31</sup> A facility security level ranges from level I (lowest risk) to level V (highest risk)<sup>32</sup> and is based on several factors, including the size of the facility, the number of occupants, the perceived threat to tenant agencies, the criticality of the tenants' missions, and the facility's symbolic value.

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<sup>29</sup>Executive Order 12977, *Interagency Security Committee* (Oct. 19, 1995) as amended by Executive Order 13286, *Amendment of Executive Orders, and Other Actions, in Connection With the Transfer of Certain Functions to the Secretary of Homeland Security* (Feb. 28, 2003).

<sup>30</sup>Executive Order 12977, as amended, designates certain federal departments and agencies as Interagency Security Committee members. The Interagency Security Committee refers to these departments and agencies as primary members and other affiliated departments and agencies as associate members.

<sup>31</sup>The Interagency Security Committee also establishes standards for accomplishing risk-management processes and publishes other standards for other security-related topics. On December 7, 2012, the Deputy Secretary of Defense issued a memorandum incorporating the Interagency Security Committee standards into the Unified Facilities Criteria for all off-installation facility space leased by DOD and for space occupied by DOD tenants in buildings owned or operated by GSA.

<sup>32</sup>There were no records for level V facilities in the data we received.

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## DOD Is Addressing Data Issues but Its Inventory Database Has Some Inaccurate and Incomplete Data on Leased Assets

While DOD is taking some steps to address data issues, it cannot fully determine the number, size, and costs of its leases because RPAD contains some inaccurate and incomplete data.<sup>33</sup> The RPAD data show that DOD had 5,965 lease records in fiscal year 2011 and 5,538 lease records in fiscal year 2013 that were within the scope of our review.<sup>34</sup> The majority of the lease records in both fiscal years were reported by the Army.<sup>35</sup> These RPAD records include interests in real property that DOD obtains from private organizations, GSA, and state organizations. Based on our review of selected data elements in RPAD leasing records, we found that RPAD contained inaccurate data due to at least one violation of established business rules in 900 (15 percent) of the 5,965 records in fiscal year 2011 lease records. In fiscal year 2013 data, we found at least one violation of business rules in 541 (10 percent) of the 5,538 of lease records. Most of these errors were in the Army's lease records; however, the Army reported to us that it is aware of these issues and is taking steps to correct future data. We also found that about 5 percent of the Army's lease records were not included in RPAD for fiscal year 2011 and fiscal year 2013.<sup>36</sup> Furthermore, we examined a statistical random sample of RPAD lease records for fiscal year 2013 and found that there were some inconsistencies in the lease data between RPAD, the military

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<sup>33</sup>These leases are only those that are directly managed by the military departments and WHS. GSA occupancy agreements are not included unless they were recorded in the military department's and WHS's real property inventory systems and submitted for inclusion into RPAD.

<sup>34</sup>DOD provided us 6,004 real property records for fiscal year 2011 and 5,566 real property records for fiscal year 2013. However, for fiscal year 2011, there were 11 records that were excluded from this review because a private organization or state or local agency rather than a military service or defense agency was identified as the tenant for the leased space, which is outside of our scope of this review. An additional 28 RPAD records in fiscal years 2011 and 2013 were excluded from our review because they represent instances in which DOD is using real property that is owned by a federal agency other than GSA. While these records are identified as leases in RPAD, DOD is typically granted rights to use real property owned by other federal agencies through permits, licenses, or use agreements rather than leases, and at minimal costs, if any. In fact, 25 of these RPAD records indicated DOD incurred no annual costs for use of the other federally owned real property.

<sup>35</sup>In fiscal year 2011, 4,695 of 5,965 lease records (approximately 79 percent) and, in fiscal year 2013, 4,210 of the 5,538 records (approximately 76 percent) were reported by the Army. A large proportion of leases in the Army inventory are for joint service programs and defense agencies for which the Army is the DOD execution agent.

<sup>36</sup>We examined the Army's records in depth because it had the largest number of leased records in RPAD.

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departments, and WHS lease records. Specifically, for one of the data elements we reviewed involving lease costs, we found that 13 percent of the Army sample records in RPAD were inconsistent with the source records in the Army's real property systems. We also performed a more in-depth review of the Army's records for multiple assets on a single lease and found that the Army was not following DOD's guidance for reporting on these types of leases. Lastly, although WHS is following DOD's guidance for reporting the square footage of buildings, our review of the WHS lease records found that the square footage of buildings that have multiple tenants under separate leases was overstated for each lease recorded in RPAD. Cumulatively, these inaccurate and incomplete data are indicators of the unreliability of certain RPAD data on the number, size, and cost of DOD's leased assets.

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### RPAD Contains Inaccurate Lease Data for Fiscal Years 2011 and 2013, but the Army Is Taking Steps to Improve Its Data

In our review of select RPAD data elements used to determine the costs, size, and status of DOD's leased assets, we found that RPAD contained inaccurate data due to at least one violation of established business rules in 900 (15 percent) of the 5,965 records from fiscal year 2011 lease records. In fiscal year 2013 data, we found at least one violation of business rules in 541 (10 percent) of the 5,538 of lease records. These rules are identified in DOD's Real Property Inventory Data Element Dictionary.<sup>37</sup> While we assessed all DOD RPAD lease records for fiscal year 2011 and fiscal year 2013, the majority of errors were in the Army's lease records. For example, we found that for some lease records, the lease base annual dollar amount (hereafter referred to as "annual rent," which is the amount DOD pays annually for the use of a real property asset, excluding additional costs such as utilities and parking, among other things) was greater than the lease annual cost amount (hereafter referred to as "annual rent plus other costs," which is the annual rent plus any additional costs defined in the lease, such as utilities and parking, among other things). The business rule requires that the annual rent be less than the annual rent plus other costs. We found that 545 of the 5,965 lease records for fiscal year 2011 and 449 of the 5,538 lease records for fiscal year 2013 had cost data that did not meet this rule. We also found that cost data were missing from other lease records. Another DOD business rule states that for every leased asset there must be an annual

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<sup>37</sup>Our assessment was based on version 6.0a of this document, which was the most current version when our audit was initiated. During the course of this engagement, DOD issued an updated version of the data dictionary supporting this model.

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rent and an annual rent plus other costs recorded and the amount in each data element must be greater than or equal to zero; the business rule does not specify that the annual rent or annual rent plus other costs may be empty or null. We found 250 lease records for fiscal year 2011 and a small number (9 records) for fiscal year 2013 had data missing for the annual rent.

In addition, according to one DOD business rule, the status of the lease must not be recorded as “active” or “hold” when a termination date for the lease has also been recorded.<sup>38</sup> However, we found that 139 lease records of the 5,965 lease records for fiscal year 2011 and 113 lease records of the 5,538 lease records for fiscal year 2013 showed a lease status of “active” or “hold” even though a termination date was recorded in the system.<sup>39</sup> Therefore, the actual status of these fiscal year 2011 and 2013 leases in RPAD is uncertain. Cumulatively, the lack of accurate lease data that meet the business rules identified for the lease status and cost data elements for DOD’s leased assets hampers the department’s ability to accurately report on the number of leased assets that are still being used (i.e., active and hold leases) and the overall cost of its leases.

According to the 2013 Real Property Inventory (RPI) Reporting Guidance, RPAD will accept all submitted data regardless of the outcome of verification and validation, except in certain instances, such as substantially incomplete records that render identification of the asset highly improbable. The RPAD manager told us that errors or warnings identified in the verification and validation process are submitted to the military departments and WHS for the opportunity to review and correct since their systems are considered to be the source of the data. However, our analysis of the lease records in RPAD found that the errors and warnings identified by the verification and validation process are not always corrected by the military departments and WHS in a timely manner. For example, we found that 341 (63 percent) of the 545 lease records from fiscal year 2011 records that did not meet the established business rule that requires the annual rent to be less than annual rent

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<sup>38</sup>DOD defines a lease in hold status as one in which the lease end data has passed, but the tenant still occupies the asset.

<sup>39</sup>We also examined the lease records with a grant status of “expired” or “terminated” to determine whether a termination date had been recorded, as required by the DOD business rule, and found that nearly all of the records satisfied this requirement.

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plus other costs had not been corrected in the fiscal year 2013 RPAD records.

In our discussions with U.S. Army Corps of Engineers officials, who manage the Army's rental facilities database, these officials stated that they were aware of many of the data anomalies we found in their records and are taking steps to improve the Army's real property data. These officials told us they began a data quality-management initiative in fiscal year 2011 to improve the quality of data entries in the Army's rental facilities database and to capture lease records that should be accounted for in their system. One of the primary purposes of this initiative was to update records with missing data elements. Because Army officials are aware of these issues and are taking steps to improve the data quality, we are not making a recommendation on this issue at this time.

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#### RPAD Contains Incomplete Lease Data for Fiscal Years 2011 and 2013, but the Army Is Taking Actions to Address Some Related Issues

Although the military departments and WHS maintain their own real property management systems and submit data on their leased assets to DOD, we found that the lease records in RPAD do not always include all of the data submitted. Our analysis of fiscal years 2011 and 2013 data submitted by the U.S. Army Corps of Engineers officials who manage the Army Rental Facilities Management Information System (hereafter referred to as the Army's rental facilities database) shows that some lease records that the officials submitted to Army headquarters are not in RPAD.<sup>40</sup> We compared the Army's lease records in RPAD to the lease records maintained in the Army's rental facilities database to determine the completeness of the Army's data in RPAD. We found records in the Army's database that were not in RPAD for fiscal years 2011 and 2013. Army officials who manage the Army's Headquarters Installation Information System (hereafter referred to as the Army's headquarters reporting system)—the system that the Army uses to submit data to RPAD—provided us documentation showing that 237 (5.1 percent) of the 4,615 lease records from fiscal year 2011 and 197 (4.9 percent) of the 4,027 lease records from fiscal year 2013 were for assets that had been disposed of. According to the Army officials, these records for disposed assets should have been recorded in RPAD. The officials could not

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<sup>40</sup>The Army's Rental Facilities Management Information System is the Army's primary database for managing leased assets. It is one of five real property inventory systems within the Army. Data from each of these systems is submitted to the Army Headquarters installation Information System, which in turn reports information to RPAD.

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provide an explanation for why records submitted by the Army for these fiscal years were not in RPAD. According to the RPAD managers, these records may have been omitted because of errors in transmitting the data. Nevertheless, because these disposal records had been omitted from RPAD for fiscal years 2011 and 2013, DOD was not in a position to accurately report on the number of disposed leased assets in its Federal Real Property Profile submission.

In addition, we found Army lease records for land parcels in the Army's rental facilities database that were not included in RPAD. Specifically, we found 703 (15.2 percent) of the 4,615 lease records from fiscal year 2011 and 370 (9.2 percent) of the 4,027 lease records from fiscal year 2013 were not included in RPAD. Army officials told us that they did not include Army land parcel records in their submissions to RPAD because the accuracy of these records had not been verified. After we discussed these issues with Army officials, they noted that the Army has an ongoing effort to review land parcel data and update its records so that these data can be included in the Army's future RPAD submissions. Because of this ongoing effort, we are not making a recommendation on this issue at this time.

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## Inconsistencies in Some Lease Data Exist between RPAD and the Military Departments' and WHS's Records

Based on the results of our statistical random sample of the fiscal year 2013 RPAD lease data, we found inconsistencies between RPAD and the military departments' (almost entirely the Army's) and WHS's lease records for some data elements related to cost and size of lease assets. We analyzed a statistical random sample of 132 lease records<sup>41</sup> that had been submitted by the military departments and WHS to RPAD for fiscal year 2013.<sup>42</sup> Based on a 95 percent threshold for determining whether the RPAD data matched the data the military departments and WHS provided to us as their RPAD submissions for fiscal year 2013, the results of our sample showed that all but one of the data elements we reviewed had over a 95 percent matching rate DOD wide.<sup>43</sup> Therefore, we concluded that the RPAD data were sufficiently reliable for the data elements related to identifying information about the leases, such as instrument number, real property asset type, or service reporting component. However, the annual rent plus other costs data element that is required to calculate the cost of DOD's leases had a match rate of about 90 percent, which is significantly lower than our 95 percent threshold.<sup>44</sup> In the sample data we reviewed, the Army, which had the largest number of RPAD lease records, is the only DOD component showing inaccuracies for this data element. We found that 11 (13 percent) out of 84 of the Army sample records had data for the annual rent plus other costs data element that were inconsistent with the source data contained in Army's real property

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<sup>41</sup>This number includes three records in which the RPAD data reflect DOD's use of real property owned by another federal agency. While these records are identified as leases in RPAD, DOD's rights to use real property owned by other federal agencies are typically granted through licenses, permits, or use agreements, and at minimal costs, if any. In this case, two of the RPAD records indicated that DOD incurred no annual costs for use of the other federally owned real property, and the remaining record showed a cost of \$1.

<sup>42</sup>For each lease record, we compared the data for the following 12 data elements in RPAD to the corresponding data in the military departments' and WHS's real property inventory systems: real property unique identifier, instrument number, real property asset type, lease base cost dollar, lease annual cost amount, lease start date, lease end date, lease termination date, lease status, unit of measure amount, unit of measure type, and service reporting component. These data elements are used to provide identifying information on DOD's leased assets, as well as the type, size, date, status, and cost of the leased assets.

<sup>43</sup>Because there is no specific DOD guidance on the level of accuracy required for data in RPAD, we selected 95 percent as a reasonable standard for data accuracy.

<sup>44</sup>This represents a 5 percent decrease from our established threshold for data accuracy. More specifically, we estimated that the accuracy of the data for annual rent plus other costs is between 83.03 percent (lower bound) and 94.38 percent (upper bound).

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### The Army Is Not Following DOD's Guidance for Reporting Multiple Assets on a Single Lease

systems for instances where there are multiple assets on a single lease. Given the relatively low match rate for the annual rent plus costs data element, we determined that we could not reliably report on the cost of DOD leases.

In addition to our analysis of the sample RPAD records, we performed additional steps to determine why some inaccuracies were occurring in the data. We found that the Army is not following guidance for reporting data when multiple assets are included in a single lease. In addition, we found the square footage for some leased space is overstated in RPAD. Details of these problems and the reasons they occurred are discussed in the following sections.

Based on the results our sample, we performed a more in-depth review of the Army's RPAD records and found that the Army is not following DOD's guidance for reporting the annual rent plus other costs for multiple assets on a single lease. The 2013 DOD Real Property Inventory (RPI) Reporting Guidance requires that the military departments and WHS provide a breakout of the annual rent plus other costs for each asset on the same lease. However, we found that the managers of the Army's rental facilities database entered the total annual rent plus other costs for all assets on a single lease, rather than a breakout of the individual annual rent plus other costs for each asset, thereby overstating the annual rent plus other costs for each asset in its fiscal year 2013 submission to RPAD. For example, in fiscal year 2013, the annual rent plus other costs for a general administrative office space building was \$90,885 and the annual rent plus other costs for a parking garage facility, which was included on the same lease, was \$27,388. However, the Army's real property systems showed the total annual rent plus other costs of \$118,273 for each asset.

The 2013 Real Property Inventory (RPI) Reporting Guidance further states that if lease cost per asset is not computed prior to submission, cost must be recalculated by the RPAD managers prior to putting data into their system. We found that the Army had 456 records (about 11 percent) (208 unique occurrences) out of a total 4,210 records that represent multiple assets associated with a single lease. Additionally, according to the managers of the Army's rental facilities system, a cost per asset is captured under a different data element in their system. However, those costs still do not match the per asset cost computed by DOD. Furthermore, according to the managers of the rental facilities database, they were unaware of this requirement. They stated that they have consistently been instructed by U.S. Army Corps of Engineers



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officials to enter the total cost of the lease for annual rent plus other costs data element. The manager of the Army's headquarters reporting system stated that the manager's office was unaware of these occurrences prior to our discussions with the manager and that the DOD guidance is clear on how these costs should be calculated. The total cost of the Army's leased assets will continue to be overstated in its RPAD submission until the Army consistently begins following the DOD real property inventory reporting guidance for multiple assets associated with a single lease.

#### DOD's Guidance Results in the Square Footage for Some WHS Leased Space Being Overstated in RPAD

In our review of the various data elements used to record information related to DOD leased assets, we found that DOD's Real Property Information Model does not include a data element that captures the square footage associated with a given lease record. As a result, the 2013 DOD Real Property Inventory (RPI) Reporting Guidance does not address how the square footage should be documented for each lease. Rather, only the total square footage of a real property asset (which may include more than one lease) can be reported in RPAD. The lack of a data element capturing the square footage for each lease of space in a single building and the absence of any related guidance results in DOD not having visibility of the actual square footage associated with each lease. This is problematic for cases in which there is more than one DOD tenant in a building because the lease record for each tenant shows the total square footage of the building, rather than the space that each tenant actually occupies. As a result, the data from RPAD that identifies the complete real property record for DOD leased assets (where there is more than one lease for that asset) overstates the square footage associated with each lease. For example, for a building that has one tenant that occupies 27,975 square feet of space and another tenant that occupies 2,246 square feet, RPAD shows 30,221 square feet for each lease rather than the space that each tenant occupies. As a result, the RPAD data would indicate that 60,442 square feet are being leased, rather than the actual 30,221 square feet.

Based on our review of the WHS sample records that included some leases of buildings with multiple tenants, we found that the square footage for 4 (33 percent) of 12 sample lease records were overstated and the correct amount could not be determined by the data included in RPAD. Additionally, our review of the entire WHS data for fiscal year 2013 shows that WHS was managing leased space in 88 buildings within the National Capital Region, and 18 buildings (about 20 percent) had

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multiple leases and showed the total square footage of a building rather than individual square footage associated with a specific lease.<sup>45</sup>

While RPAD is the single authoritative source for all data on DOD real property inventory, RPAD data cannot be used to determine the amount of square footage associated with a given lease when there are multiple tenants occupying space in the same building. Instead, this can only be determined by the WHS officials who keep track of the square footage for each lease separately in their leased facility records under the data element identified as “WHS Re-bill.” Standards for Internal Control in the Federal Government emphasize the need for federal agencies to establish plans to help ensure that goals and objectives can be met, including compliance with applicable laws and regulations.<sup>46</sup> Still, DOD does not have a plan in place to address the omission of the square footage for each lease separately in their leased facility records. Until DOD includes a data element to capture the actual square footage occupied by each tenant and revises the related reporting guidance, RPAD will continue to overstate the square footage for buildings with multiple tenants.

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<sup>45</sup>These 18 buildings represent 47 (about 40 percent) of 117 lease records in the WHS real property inventory requirements system.

<sup>46</sup>GAO, Standards for Internal Control in the Federal Government, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999).

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## DOD Has Not Taken Full Advantage of Available Opportunities to Reduce Its Reliance on Leased Facilities

DOD is currently implementing a presidential memorandum and a series of OMB memorandums<sup>47</sup> instructing federal agencies to maintain or reduce both owned and leased space; however, DOD is not projecting any significant reductions in its leased space. Additionally, while DOD has vacated some costly leased space with the implementation of the 2005 BRAC recommendations, we found some instances in which DOD has subsequently reoccupied the previously vacated space, potentially offsetting any savings attributable to implementation of the relevant BRAC recommendations with new lease and security costs. Furthermore, our work shows that potential future force structure reductions exist that may offer DOD and the military services an opportunity to further reduce reliance on leased space.

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## DOD Has Taken Some Actions to Reduce Leased Space, but Projects Little Change in the Near Future

While DOD has taken some actions to reduce its leased space, we found that DOD has projected minimal change in its overall lease activities. Specifically, in its October 2013 report, Revised Real Property Cost Savings and Innovation Plan for FY13-15 (commonly referred to in DOD as its Freeze the Footprint report), DOD stated that most of the military departments did not anticipate significant year-to-year changes in their current leasing activities. According to OMB Management Procedures Memorandum No. 2013-02, which clarified the implementation of OMB's Freeze the Footprint policy, federal agencies were not to increase the total square footage for domestic office and warehouse space beyond their fiscal year 2012 baseline numbers, which were calculated based on fiscal year 2012 Federal Real Property Profile data, fiscal year 2012 GSA occupancy agreements, and fiscal year 2012 agency leasing agreements.

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<sup>47</sup>Pursuant to a Presidential Memorandum, *Disposing of Unneeded Federal Real Estate* (June 10, 2010), federal agencies are to take actions to include accelerating cycle times for identifying excess assets and disposing of surplus assets; eliminating lease arrangements that are not cost-effective; pursuing consolidation opportunities within and across agencies in common asset types (such as data centers, office space, warehouses, and laboratories); increasing occupancy rates in current facilities through innovative approaches to space management and alternative workplace arrangements, such as telework; and identifying offsetting reductions in inventory when new space is acquired. This Presidential Memorandum is cited as an ongoing effort in OMB Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations* (May 11, 2012), which describes a series of policies and practices related to reducing costs and improving efficiencies in government real estate, among other things, and builds on measures already in place at various agencies. In March 2013, OMB issued clarifying guidance for implementing the real property portion of the May 2012 memorandum, OMB Management Procedures Memorandum No. 2013-02, *Implementation of OMB M-12-12 Section 3: Freeze the Footprint* (Mar. 14, 2013).

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(for each agency that has independent leasing authority).<sup>48</sup> In its October 2013 Freeze the Footprint reports, DOD stated that many long-standing leases already had built-in options for renewal, and that in a climate of stringent funding for the purchase or lease of new real property, and limited options for relocation, renewal was often the most cost-effective option. The following highlights some of the concluding comments from the services included in their Freeze the Footprint reports.

- **Army:** The Army reported that in fiscal year 2013 it was not below the fiscal year 2012 Freeze the Footprint baseline threshold, but it expected to be below the threshold by the end of fiscal year 2015. The Army reported that its leased office and warehouse space (about 1.9 million square feet) represented 41 percent of the Army's growth in its leased footprint for fiscal year 2013 and 81 percent of the projected offsets in fiscal years 2014 and 2015 (about 5.2 million square feet). The Army reported that it intended to achieve its goal of reducing office and warehouse space to fiscal year 2012 levels through a program focused on eliminating new lease growth, significantly reducing existing leases, and minimizing new construction of office and warehouse space.
- **Navy:** The Navy reported that approximately 55 leases had an option to renew during fiscal years 2013 through 2015 and that when these leases expire, the requirement for each lease would have been revalidated by the occupying activity, with a goal of reducing the overall square footage where practicable. However, the Navy projected that it would acquire leased space under GSA occupancy agreements totaling approximately 144,000 square feet, at a cost of about \$37 million during fiscal year 2013. The Navy also reported that these additions represented no change in the square footage for its

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<sup>48</sup>OMB Management Procedures Memorandum No. 2013-02, *Implementation of OMB M-12-12 Section 3: Freeze the Footprint* (Mar. 14, 2013). On March 25, 2015, OMB issued a new memorandum, OMB Management Procedures Memorandum No. 2015-01, *Implementation of OMB Memorandum M-12-12 Section 3: Reduce the Footprint* (Mar. 25, 2015), which supersedes OMB Management Procedures Memorandum No. 2013-02. This new memorandum states that a new baseline will be recalculated based on the fiscal year 2015 data and the memorandum replaces the Revised Real Property Cost Savings and Innovation Plan with a Real Property Efficiency Plan that would cover a 5-year period, initially fiscal years 2016 through 2020. This memorandum still requires OMB and GSA to annually monitor the continuing implementation of this policy and requires that these reports be submitted to GSA on a triennial basis.

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occupancy agreements, since the square footage associated with these leases was within the fiscal year 2012 baseline.

- **Air Force:** The Air Force projected a decrease of about 112,000 square feet for five leased-space offices during fiscal years 2013 through 2015, for a total annual cost reduction of \$1.3 million a year. The Air Force also reported that it expected several leases to be terminated early due to completion of construction projects and changes in mission requirements, but stated that the exact number of leases was not yet known at the time its report was issued.
- **WHS:** The WHS report stated that there were no significant changes to WHS's office and warehouse footprint from fiscal year 2013 to fiscal year 2015. WHS's footprint consisted of space occupied by DOD in facilities in the National Capital Region that was leased by GSA or the U.S. Army Corps of Engineers and was accounted for within the footprints of these two organizations. WHS reported that it had 88 buildings in its inventory with a total of approximately 6.1 million square feet of leased space. WHS stated that its facility-management strategy focused on establishing a policy to monitor growth, reducing property and facility leases, where possible, and reducing and consolidating underutilized buildings, among other things. According to WHS's Freeze the Footprint report, all requests for new space were reviewed for compliance with leased space standards and, when possible, vacant space within the WHS footprint was used to satisfy requests for new space. If new requests for space could not be met within the current footprint, then WHS inquired as to the availability of space on military installations in the National Capitol Region.

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## Some Reductions in DOD Leased Space in the National Capital Region Attributed to BRAC Recommendations Have Subsequently Been Offset Due to DOD Reoccupying the Same Space

DOD officials stated that they initially relocated DOD activities from leased space, particularly within the National Capital Region, to government-owned space (in some cases to newly constructed facilities) as outlined in the 31 recommendations approved by the 2005 BRAC Commission.<sup>49</sup> However, we found that DOD subsequently reoccupied some of the same leased space after implementing the BRAC recommendations; thereby offsetting some of the reductions achieved through the BRAC process. DOD's justification to the 2005 BRAC Commission for some of these recommendations was that leased space is more costly than government-owned space and the existing leased facilities did not meet antiterrorism/force protection standards. In a March 2013 report, we stated that although DOD reported to the BRAC Commission that it would vacate about 12 million square feet of leased space, it did not track the extent to which it had vacated this space.<sup>50</sup>

During this review, we found 12 buildings managed by WHS within the National Capital Region that have 27 tenants in a total of approximately 1.1 million square feet of leased administrative office space previously vacated by other DOD organizations as a result of implementing the 2005 BRAC recommendations involving leased space. WHS officials cited a variety of reasons why this space was subsequently reoccupied. For example, according to these officials, some of the space vacated as a result of BRAC was subsequently reoccupied because of new space requirements for organizations such as the Office of the Special Inspector General for Iraq Reconstruction and the Joint Improvised Explosive Device Defeat Organization. Additionally, the WHS officials told us that the Defense Intelligence Agency, Defense Advanced Research Projects Agency, and the Defense Health Agency needed additional space and facilities due to changes in mission requirements and consolidation of

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<sup>49</sup>DOD's proposed recommendations were developed by the military departments and DOD's Joint Cross Service Groups, and they mainly affected DOD organizations within the National Capital Region. However, there are organizations outside of the National Capital Region that were included in some of these recommendations. The types of DOD organizations referenced in the realignment and closure recommendations for leased facilities include National Guard and reserve locations; human resources and civilian personnel offices; recruiting centers and districts; adjudication personnel; counterintelligence and security offices; media and publications organizations; commissary agencies; information-systems personnel; missile defense; transportation components; intelligence, medical, and technical offices; and other miscellaneous military department headquarters and field activities.

<sup>50</sup>[GAO-13-149](#).

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satellite locations. Furthermore, these officials stated that the new risk-based Interagency Security Committee standards provide a more flexible risk-based antiterrorism force-protection standard, which allowed some of the leased space that was previously vacated to be reoccupied and meet the new standards. In March 2013, we reported that Army officials did not track leases that the Army had vacated as a result of BRAC because those leases were typically long term and could not be terminated at the time BRAC was being implemented. Rather, the Army simply filled such space with other service functions not included in BRAC. We also reported that some leased space may have been vacated as a result of ongoing DOD initiatives other than BRAC. Therefore, according to DOD, it was difficult to measure any net reduction in leased space or to identify what proportion of any reduction was directly due to BRAC actions.<sup>51</sup>

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**DOD May Miss Opportunities to Reduce Its Leased Space Because It Has Not Assessed Effects of Future Force Reductions on Existing Leased Facilities**

During the course of this review, we found that DOD has not assessed effects of future force reductions on existing leased facilities and, as a result, DOD may miss opportunities to reduce its leased space. In December 2013, we reported that the Army planned to inactivate 10 Brigade Combat Teams on some of its installations, which likely would result in available administrative office space once these force structure reductions occur in fiscal year 2017.<sup>52</sup> For this review, we conducted an analysis of the fiscal year 2013 RPAD lease records and found six Army leases for general administrative space that are within 50 miles of the installations with projected force structure reductions. Five of the leases are Army mission-support leases that are managed by the U.S. Army Corps of Engineers, and the remaining lease, near Fort Hood, Texas, is managed by the Army Reserve. According to the RPAD data for fiscal year 2013, the annual rent plus other costs for these six leases of general administrative space totaled approximately to \$4.1 million for about 249,000 square feet of leased space. See table 1 for details of our

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<sup>51</sup> [GAO-13-149](#).

<sup>52</sup> GAO, *Defense Infrastructure: Army Brigade Combat Team Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process*, [GAO-14-76](#) (Washington, D.C.: Dec. 11, 2013).

analysis on the leases that are in close proximity to the Army installations with projected unutilized or underutilized space.<sup>53</sup>

**Table 1: Administrative Leases within 50 Miles of Military Installations in Four States with Projected Unutilized or Underutilized Space in Fiscal Year 2017 (as of Jan. 12, 2015)**

Installation name and location	Lease location	Distance from installation (miles)	Annual lease costs (dollars)
Fort Carson, Colorado			
	Colorado Springs, Colorado	8	\$153,084.00
	Colorado Springs, Colorado	8	182,112.00
	Colorado Springs, Colorado	8	579,933.00
Fort Hood, Texas			
	Temple, Texas	29	480,001.00
Fort Stewart, Georgia			
	Savannah, Georgia	38	2,667,783.00
Joint Base Lewis McChord, Washington			
	Seattle-Tacoma, Washington	38	54,201.00

Source: GAO Analysis of Department of Defense (DOD) data. | GAO-16-101

DOD Instruction 4165.70 directs the Secretaries of the military departments to maintain a program that monitors the use of real property to ensure that it is being used to the maximum extent possible consistently with both peacetime and mobilization requirements. It is important that DOD plan ahead when it anticipates force reductions, in order to properly assess its future infrastructure requirements. However, when we shared our analysis with Army officials, they stated that they had not yet conducted such an assessment. According to U.S. Army Corps of Engineers officials, it would take approximately 2 years to conduct an assessment that would determine whether DOD-owned property, other federally owned property, or leased property is the best resource to

<sup>53</sup>In response to a draft of this report, DOD noted and we agreed that a mission and logistical review of these leased assets and their locations were not completed as part of this review. DOD further noted and we agreed that the records identified herein are only indicative that leases exist in close proximity to these installations and activities performed in these leased assets should be reviewed for reintegration onto the installation.



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accommodate the requirements of the DOD entity that needs space. Based on the analysis we shared, Army officials stated that they planned to take actions to review some of their leases due to the force reductions at Army installations with Brigade Combat Teams. Each of the leases we identified represents an opportunity for DOD to determine what effects future force reductions will have on unutilized or underutilized facilities on its installations that could potentially be made available to accommodate DOD tenants currently occupying leased space off the installation.

Subsequently, in commenting on a draft of this report, DOD noted that the Army had reviewed the individual asset records for the six Army leases that we identified as being in close proximity to Army installations. Army officials, though, told us that further review would be required to determine whether relocation of the organizations in that leased space to Army-owned installations would be possible. Also, DOD noted in its comments that the Army had published a new execution order in March 2015 that requires commanders to plan and implement footprint reductions, giving priority to installations expected to see force reductions, and specifically emphasizing moving Army activities out of leased space, where fiscally prudent. Army officials told us that the implementation of this new execution order, once complete, should be expected to find and review assets such as we found in our analysis.

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**DOD May Miss Opportunities to Reduce its Leased Space because the Availability of Unutilized or Underutilized Space on DOD Installations Is Not Systematically Shared with DOD Leasing Agents**

Although DOD Instruction 4165.70 directs the Secretaries of the military departments to maintain a program that monitors the use of real property to ensure that it is being used to the maximum extent possible consistently with both peacetime and mobilization requirements, we found that that officials do not share information on available unutilized or underutilized space that can potentially be used when there is a new lease requirement or when a lease is up for renewal. While each of the military departments told us that it has a process for requesting leased space, we found that officials managing leased space did not always have information on unutilized or underutilized space. We conducted an analysis of the 5,566 lease records in RPAD for fiscal year 2013 (the most recent year for which data were available) and found that there were 407 records for general administrative space. The total annual rent plus other costs for these leases was approximately \$326 million for about 17.6 million square feet of leased space. According the military department officials, the process of requesting leased space takes several steps to ensure that leased space is used efficiently, including assessing whether DOD-owned or government-owned space is available within a 50-mile radius of a lease location. For example, Navy officials

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told us that the Navy pursues leasing space only when it has determined that suitable government-owned space does not exist. Additionally, Air Force and Army officials provided us with informational checklists that are to be used when acquiring or renewing leases, including surveying the availability of government-controlled or DOD-owned space within a 50-mile radius of the lease location. However, as we recently reported in June 2015, officials at the Office of the Secretary of Defense, service, and installation levels told us that actively pursuing potential tenants would be an administrative burden on the installations, especially if there is not a significant amount of available space on the installation.<sup>54</sup> In our discussions with Army officials, we found that the U.S. Army Corps of Engineer officials who manage the Army's rental facilities database had not been contacted by the installation officials with projected unutilized or underutilized space due to the inactivation of the Brigade Combat Teams on their installations. Army officials started their review of these specific leases only after we provided them the findings of our analysis. Furthermore, in June 2015, we reported that DOD officials at the Office of the Secretary of Defense, service, and installation levels said that they do not conduct outreach to communicate information regarding unutilized and underutilized space on military installations in part because the installations primarily focus on supporting missions within DOD.<sup>55</sup>

Additionally, in our discussion with DOD officials about potential consolidation opportunities, they stated that there are many other factors to be considered before an actual decision can be made to move an activity from leased space onto an installation. For example, in some cases, the installation's infrastructure would need to be evaluated to determine whether it could accommodate additional personnel or whether the installation's mission would be affected if space is provided to non-mission-related tenants. DOD officials also stated that the unutilized or underutilized space on an installation would have to be assessed to determine whether space is actually usable or in poor condition, rendering it unusable. In addition, the costs to move out of existing lease space and reconfigure unutilized or underutilized space to meet new tenants' needs must be determined, which in some cases could be a costly expense.

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<sup>54</sup>GAO, *Underutilized Facilities: DOD and GSA Information Sharing May Enhance Opportunities to Use Space at Military Installations*, [GAO-15-346](#) (Washington, D.C.: June 18, 2015).

<sup>55</sup>[GAO-15-346](#).

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While we recognize that each of these factors are important when making a decision to vacate leased space in lieu of DOD-owned space, our analysis demonstrates that some opportunities to reduce reliance on leased space may be forthcoming to the extent that force structure reductions or other indicators of potentially available space occur in the future. Without the installation officials routinely sharing information on unutilized and underutilized space, DOD leasing agents will not know whether government owned space; thereby leaving DOD is at risk of relying on more costly leased space when government-owned space may be available.

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## DOD Does Not Have Oversight of the Status of Facility Security Assessments for All of Its Leased Facilities

DOD does not have oversight of information about the facility security assessments for all of its leased facilities acquired through GSA. Facility security assessments are conducted by the Pentagon Force Protection Agency and the Federal Protective Service, using standards set by the Interagency Security Committee.<sup>56</sup> Interagency Security Committee standards state that facility security assessments are the process of evaluating credible threats, identifying vulnerabilities, and assessing the consequences of undesirable events. Interagency Security Committee standards require that a facility security assessment be conducted at least once every 5 years for security level I and II facilities and at least once every 3 years for security level III, IV, and V facilities. Our analysis of data on the scheduling and completion of facility security assessments by the Federal Protective Service identified late assessments and incomplete and inaccurate data. We found that the Pentagon Force Protection Agency had completed the facility security assessments for the leased facilities for which it is responsible between August 8, 2013 and January 31, 2014.

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<sup>56</sup>Federal Protective Service is the primary agency conducting facility security assessments for facilities managed by GSA. According to FPS officials, though, some agencies have their own authority to conduct such assessments.

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## DOD and the Interagency Security Committee Have Set Standards for Building Security

Prior to December 2012, DOD leased facilities were assessed according to standards set in DOD's Unified Facilities Criteria (UFC) 4-010-01.<sup>57</sup> On December 7, 2012, the Deputy Secretary of Defense issued a memorandum incorporating the Interagency Security Committee standards into the Unified Facilities Criteria for all off-installation facility space leased by DOD and for space occupied by DOD tenants in buildings owned, operated, or leased by GSA. Current tenants as of December 7, 2012 were instructed to apply the Interagency Security Committee standards in accordance with existing or renewed lease agreements to the extent practicable.<sup>58</sup> In August 2013, the Interagency Security Committee's standards were updated in *The Risk Management Process for Federal Facilities: An Interagency Security Committee Standard*.<sup>59</sup> The latest version of the Interagency Security Committee standards provides an integrated, single source of physical security countermeasures or actions to take, such as installing vehicle barriers, to mitigate risks identified through a facility security assessment. According to Federal Protective Service officials, risk acceptance is an allowable outcome of the Interagency Security Committee's risk management process for federal facilities standard if it is documented and the project documentation clearly reflects the reason why the necessary level of protection cannot be achieved.

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<sup>57</sup>Department of Defense, Unified Facilities Criteria 4-010-01, *DOD Minimum Antiterrorism Standards for Buildings* (Feb. 9, 2012).

<sup>58</sup>Department of Defense, Unified Facilities Criteria 4-010-01, *DOD Minimum Antiterrorism Standards for Buildings*, (change 1, Oct. 1, 2013).

<sup>59</sup>This standard incorporates and supersedes the previous guidance in the *Facility Security Level Determinations for Federal Facilities: An Interagency Security Committee Standard*, published in March 2008; *Physical Security Criteria for Federal Facilities: An Interagency Security Committee Standard*, published in April 2010; *Design-Basis Threat: An Interagency Security Committee Report*, 7th ed., published in March 2013 and updated biannually; *Facility Security Committees: An Interagency Security Committee Standard*, 2nd ed., published in January 2012; *Child Care Centers Level of Protection Template*, published in May 2010; and *Use of Physical Security Performance Measures*, published in June 2009.

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## Some Late Assessments and Incomplete and Inaccurate Data Exist in the Federal Protective Service's Facility Security Assessments Data

Our analysis of fiscal years 2011 and 2013 data from the database the Federal Protective Service used to track scheduled and completed facility security assessments for facilities leased by DOD through GSA identified three issues: (1) some assessments were not scheduled within the required time frames; (2) data on assessments completed, as required, is unknown; and (3) dates for completed and next scheduled assessments were not always recorded. The Federal Protective Service's schedule for fiscal year 2011 includes 500 leased facilities, and its fiscal year 2013 schedule includes 484 leased facilities.<sup>60</sup> However, we found that DOD does not have oversight over the Federal Protective Services' facility security assessment data and related results for the leased facilities occupied by DOD tenants for the following reasons:

- Some assessments were not scheduled within required time frames. For fiscal years 2011 and 2013, we found a number of instances in which the Federal Protective Service did not complete facility security assessments within the required time frames required by the Interagency Security Committee standards. The Federal Protective Service's schedule of assessments included some facilities for which the facility security assessments had been scheduled beyond the 3-year or 5-year requirements. For example, there were 12 out of 500 facilities in fiscal year 2011 and the same 12 out of 484 facilities in fiscal year 2013 that showed scheduled next assessment dates beyond the required time frame. Federal Protective Service officials told us that these late assessment dates are most often the result of a backlog in completing facility security assessments and that they planned to complete past due assessments for level III and IV facilities by the end of fiscal year 2014 and level I and II facilities by the end of fiscal year 2019.<sup>61</sup> In June 2015, these officials revised their timetable for completing the backlog of assessments and told us that they are now scheduled to complete the assessments for all facilities within the next 5 years, by 2020. Until assessments are completed, DOD tenants could be exposed to unknown risk, because current facility security assessments have not been conducted.

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<sup>60</sup>A leased facility may have more than one occupancy agreement, which is an administrative action by which GSA authorizes the occupancy and use of building space and land incidental thereto by a federal agency or other eligible entity. The data we reviewed included many facilities that had multiple occupancy agreements. There were 1,043 occupancy agreements for fiscal year 2011 and 1,051 occupancy agreements for fiscal year 2013.

<sup>61</sup>There were no records for level V facilities in the data we received.

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- The number of facility security assessments completed as required by the Federal Protective Service is unknown. The Federal Protective Service's database did not maintain complete and accurate records for scheduled and completed facility security assessments as of the time of our review; therefore, the exact number of assessments that had previously been completed as required as well as whether the completed assessments were conducted in the required time frames was unknown. The Federal Protective Service's facility security database overwrote previously recorded assessment dates when new information was entered into the database. Given the lack of historical data, we calculated that there were 113 out of 500 facility security assessments that should have been scheduled and completed prior to the end of fiscal year 2011. However, the Federal Protective Service's data show that 3 assessments were completed in fiscal year 2012, 109 assessments in fiscal year 2013, and 1 assessment in fiscal year 2014. Similarly, we found that 9 of 484 facility security assessments should have been scheduled and completed prior to the end of fiscal year 2013; however, 8 were completed in fiscal year 2014 and 1 in fiscal year 2015. In follow-up discussions with Federal Protective Service officials, they told us that their database has been recently updated to perform ad-hoc queries that will now identify historical facility information for which no dates have been recorded for either the last completed assessment or the next scheduled assessment of a facility.
  - Dates for completed and next-scheduled assessments were not always recorded. We found instances in which no dates had been recorded for either the last completed assessment or the next scheduled assessment of a facility. Specifically, 133 of 500 facilities for fiscal year 2011 were missing these dates. Furthermore, these dates were still missing in fiscal year 2013 for the same 133 facilities. This means that there could have been at least a 3-year period during which there were no data recorded on the scheduling or completion of assessments for these 133 facilities. Federal Protective Service officials told us that these data were not recorded either because the assessments had not been completed as scheduled or the information in the schedule had not been updated by the Federal Protective Service region responsible for completing the assessments. As a result, we were unable to determine whether the assessments had been scheduled or completed within the required time frames or whether the Federal Protective Service knows the date of the next scheduled assessment.

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*Standards for Internal Control in the Federal Government* states that internal controls should generally be designed to assure that ongoing monitoring occurs in the course of normal operations.<sup>62</sup> DOD has taken actions to establish policies and procedures, such as implementing the Interagency Security Committee standards into its Unified Facilities Criteria, to help protect and secure personnel in its off-installation leased facilities. However, it has not provided oversight of these processes to ensure that they are followed as intended. According to Interagency Security Committee standards, results of facility security assessments are briefed by the organization responsible for physical security of the facility to the Facility Security Committee, which consists of representatives of the DOD tenants and any other federal tenants in the facility, the security organization, and the owning or leasing department or agency. During the Facility Security Committee's deliberation process for determining the security level for its facility, the tenants' organizations may consult with their headquarters security representatives about the implementation of the countermeasures recommended to mitigate identified risks or their headquarters financial offices about the cost for implementing the countermeasures.

According to DOD Directive 5143.01, the Under Secretary of Defense (Intelligence) is responsible for developing physical security policy and guidance, and overseeing the DOD physical security program, among other things. However, an Office of the Under Secretary of Defense (Intelligence) official stated that there is no single entity within DOD that is responsible for ensuring that all DOD leased facilities are properly secured, including that facility assessments are completed in the required time frames according to the prescribed standards.<sup>63</sup> Furthermore, the Federal Protective Service is not required to report to levels of DOD higher than the tenant on whether it has completed required facility security assessments of DOD's leased facilities. Moreover, DOD does not have and has not requested access to Federal Protective Service data on the scheduling and completion of the assessments. In response to a draft

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<sup>62</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999).

<sup>63</sup>In response to a draft of this report, DOD noted that Pentagon Force Protection Agency officials have stated that they have obtained facility security assessments documentation from the Federal Protective Service for leased facilities within the National Capital Region, even though DOD is not requesting information on the status of the facility security assessments completed by the Federal Protective Service at all DOD-leased locations.

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of this report, the Department of Homeland Security noted in its comments that officials from the Federal Protective Service stated that their agency's database and software has been updated to consolidate all data into a single system for automated tracking and scheduling of assessments and queries. According to Federal Protective Service officials, at the time of our audit, their agency had not yet deployed its new system—Modified Infrastructure Survey Tool version 2.0—which includes the functionality needed to address the various issues we found. However, because DOD offices at levels higher than the tenant do not periodically request and obtain information from the Federal Protective Service, DOD is not in a position to know whether security assessments are scheduled and conducted as required. Without this oversight information, DOD does not have assurance that its leased facilities are secure. Additionally, better DOD oversight could prompt the Federal Protective Service to improve the facility security assessment data that it maintains.

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**The Pentagon Force Protection Agency Completed Its Facility Security Assessments within 1 Year after DOD Adopted the Interagency Security Committee Standards**

Our review of the Pentagon Force Protection Agency's schedule for completing facility security assessment showed that the assessments for the limited number of DOD-leased facilities in the National Capital Region for which it has responsibility for security and law enforcement were completed within 1 year after DOD had adopted the Interagency Security Committee standards.<sup>64</sup> Pentagon Force Protection Agency officials stated that all of these facilities are being assessed annually based on the Interagency Security Committee criteria for baseline facility security level determination, at a minimum.<sup>65</sup> Furthermore, according to the officials, of the 16 DOD-leased facilities within the National Capital Region that are managed by WHS for which they have security responsibility, the results of the facility security assessments show that only 2 of the facilities are

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<sup>64</sup>According to DOD Instruction 5105.68, the Pentagon Force Protection Agency is responsible for providing force protection, security, and law enforcement to safeguard personnel, facilities, infrastructure, and other resources for the Pentagon Reservation and 16 designated DOD-leased facilities within the National Capital Region that are managed by WHS.

<sup>65</sup>In addition to facility security assessments based on Interagency Security Committee standards, DOD facilities also undergo assessments according to two DOD-specific standards—the Anti-terrorism Program Review Assessments and the Anti-terrorism Vulnerability Assessments—which are each completed on 3-year cycles, pursuant to Department of Defense Instruction 2000.16, DOD Antiterrorism (AT) Standards (Oct. 2, 2006). According to Pentagon Force Protection Agency officials, the Interagency Security Committee is currently working on benchmarks for a similar set of standards.



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compliant with the Interagency Security Committee standards without accepting additional risk. Additionally, these officials stated that the remaining 14 facilities meet multiple requirements identified in the Interagency Security Committee standards, but not all of the requirements. According to a Pentagon Force Protection Agency official, if the remaining 14 facilities are not able to meet all requirements, the appropriate official for the primary tenant in the facility or a selected designee must determine whether the reported risk for these facilities is acceptable.

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## Conclusions

DOD Instruction 4165.70 requires the military departments and WHS to keep accurate records of the DOD real property—including leased facilities—under their jurisdiction, custody, and control to help ensure efficient management of real property assets. However, some of the lease data in RPAD, drawn from military department and WHS records, are incomplete and inaccurate. As a result, the RPAD data cannot be fully relied upon to determine the total number, size, and costs of DOD's leased assets. Without complete and accurate data on its leases, DOD's oversight of its leased assets and the quality of its external reports is weakened. Additionally, while the military departments have reported that they have initiatives under way to reduce leased space, greater opportunities are possible due to planned force structure reductions leading to increasing vacancies of on-installation facilities. We found examples of tenants leasing off-installation space nearby installations identified for force structure reductions by fiscal year 2017. If DOD does not require that the military departments evaluate these likely-to-be-vacated facilities in conjunction with leases being renewed—or before entering into new leases—DOD will not have reasonable assurance that it will be able to fully identify opportunities to vacate more costly leased space when appropriate and to move into DOD-owned space. Furthermore, although Pentagon Force Protection Agency officials have stated that they have obtained facility security assessments documentation from the Federal Protective Service for leased facilities within the National Capital Region, DOD is not requesting information on the status of the facility security assessments completed by the Federal Protective Service for all DOD-leased locations. Without periodically obtaining information on whether facility security assessments for its leased facilities are being completed in accordance with required standards and without access to the results of the assessments, DOD is not in a position to ensure that its tenants in leased space are secure.

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## Recommendations for Executive Action

To improve DOD's ability to oversee its inventory of leased real property, we recommend that the Secretary of Defense take the following two actions aimed at improving the accuracy and completeness of data in RPAD:

- Direct the Secretary of the Army to enforce DOD's *Real Property Inventory (RPI) Reporting Guidance*, which states that for multiple assets associated with a single lease, the military departments and WHS must provide a breakout of the annual rent plus other costs for each asset on the same lease, to avoid overstating costs associated with such leases.
- Direct the Assistant Secretary of Defense (Energy, Installations and Environment) to modify the office's Real Property Information Model to include a data element to capture the square footage for each lease of space in a single building and also make a corresponding change to its *Real Property Inventory (RPI) Reporting Guidance* to require that the square footage for each individual lease be reported when multiple leases exist for a single building, to avoid overstating the total square footage assigned to each lease in RPAD.

To help reduce facility costs and reliance on leased space, we recommend that the Secretary of Defense direct the Secretaries of the military departments to require that their departments look for opportunities to relocate DOD organizations in leased space to installations that may have underutilized space due to force structure reductions or other indicators of potentially available space, where such relocation is cost-effective and does not interfere with the installation's ongoing military mission.

To improve DOD's ability to ensure that its leased facilities are secure, we recommend that the Secretary of Defense direct the Under Secretary of Defense (Intelligence) to request reports from the Federal Protective Service for all leased facilities on a periodic basis as determined necessary for oversight. At a minimum, the Under Secretary should request

- the results of the assessments,
- the date on which the last assessment was completed for each facility and the date for which the next scheduled assessment is planned, and

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- information on whether these dates meet the time frames established by Interagency Security Committee standards.

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## Agency Comments and Our Evaluation

We provided a draft of this report to DOD, GSA, and the Department of Homeland Security for review and comment. DOD's written comments are reprinted in appendix II of this report. In its comments, DOD concurred with our first recommendation that Secretary of the Army enforce *DOD's Real Property Inventory (RPI) Reporting Guidance* to break out the annual rent plus other costs for each asset on the same lease to avoid overstating the costs associated with such leases. DOD also concurred with our fourth recommendation that DOD improve its ability to ensure that its leased facilities are secure and stated that it would collaborate with the Federal Protective Service to obtain the listing of the leased facilities the agency supports, monitor and provide oversight of the scheduling of the assessments, and review the results of the assessments. DOD did not concur with our remaining two recommendations, which are discussed in detail below. DOD also provided technical comments that have been incorporated, as appropriate. The Department of Homeland Security provided technical comments, which have been incorporated, as appropriate; and GSA had no comments in response to our draft report.

In its written comments, DOD stated that we did not give the department full consideration of its efforts regarding leased space and that our draft leaves a misperception of the department's commitment to efficient real property management. DOD also stated that our report mischaracterizes how DOD used the BRAC process to achieve space reductions and overstates the extent to which DOD reoccupied leased space vacated through the 2005 BRAC process. We disagree and believe that our report neither leaves such a misconception nor presents such a mischaracterization.

As our report states, DOD proposed to the BRAC Commission 31 recommendations that involved relocating certain DOD activities from leased space to government-owned space and justified some of these recommendations by stating that leased space historically has higher overall costs than government-owned space and generally does not meet anti-terrorism force-protection standards. Our report also states that DOD reoccupied about 1.1 million square feet of leased space previously vacated through BRAC 2005, which DOD's letter confirmed. DOD stated in its comments that prudent management includes consideration of available leased space to accommodate changing demands and new

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missions when adequate DOD-owned space is not available. We recognize that leasing is appropriate at times. Nevertheless, in its March 2015 testimony before Congress, DOD asserted that it had about 24 percent excess capacity prior to BRAC 2005 and that the department subsequently disposed of about 3 percent of this excess capacity through BRAC. In its comments, DOD did not indicate the extent to which the department reviewed remaining excess capacity, if at all, for use by the organizations that subsequently reoccupied the 1.1 million square feet of leased space. DOD also disagrees with our conclusion that reoccupying space that had been vacated through BRAC in order to achieve cost savings (i.e., vacating leased space and occupying less costly government owned space) offsets savings attributed to these BRAC recommendations. While DOD's letter referenced new mission and lease consolidation opportunities as the rationale for reoccupying vacated space, it did not explain how incurring these new lease costs was not, in fact, an offset to any savings attributable to BRAC from having reoccupied space just vacated for the purpose of saving money, among other things. This is particularly significant because DOD expend appropriated funds through BRAC to construct or lease facilities to accommodate the DOD organizations that vacated the leased space, only to later expend additional appropriated funds to reoccupy some of the same leased space previously vacated.

DOD did not concur with our second recommendation that the Assistant Secretary of Defense (Energy, Installations and Environment) modify the office's Real Property Information Model to include a new data element to capture the total square footage assigned to each individual lease when multiple leases exist for a single building and make a corresponding change to its guidance to avoid overstating the total square footage assigned to each lease in RPAD. In its comments, DOD stated that it agrees that the issue we identified does exist regarding multiple leases that are assigned the same building (leases managed by WHS in the National Capital Region) and that the inclusion of an additional data element may well serve as an indicator to help resolve this issue. However, DOD believes that the underlying cause for overstating the total square footage for these records in RPAD is a data aggregation issue and has chosen an alternative approach to address the issue we raised. Specifically, DOD stated that the department is in the final stages of developing a platform that will transmit data into RPAD, and that will include the capability to capture square footage for multiple leases in a single building. DOD stated that its new Data Analytics and Integration Support platform for transmitting RPAD data will serve as the near real time data warehouse of the DOD real property inventory and will perform

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the data collection, verification, and validation of the real property inventory data submitted by each military department and WHS; and is expected to be fully deployed by fiscal year 2017. If implemented effectively, we believe DOD's planned new approach for transmitting data into RPAD should meet the intent of our recommendation, which is to accurately capture the square footage assigned to each lease when multiple leases exist for a single building, thereby improving the accuracy and completeness of the data in RPAD. In the meantime, until DOD's new interface is fully implemented, DOD will not have reasonable assurance that the total square footage for multiple leases in a single building is accurate versus being overstated, as is currently the case.

DOD also did not concur with our third recommendation that the military departments look for opportunities to relocate DOD organizations in leased space onto installations that may have underutilized space. In its comments, DOD stated that its existing policy requires the effective and efficient use of DOD real property and that current initiatives undertaken by each of the military departments and WHS reflect adherence to this policy. DOD issued its new *Real Property Efficiency Plan* in October 2015 that highlights the department's progress in this area.<sup>66</sup> DOD further stated that—given that each of the military departments and WHS have implemented initiatives to reduce their dependence on leased space, especially where existing DOD assets may exist—an additional directive from the Secretary of Defense is not required. In our report, we note that DOD guidance directs the Secretaries of the military departments to maintain a program that monitors the use of real property to ensure that it is being used to the maximum extent possible consistent with both peacetime and mobilization requirements. While we understand that DOD sees no requirement for additional action, we found during the course of our review that DOD—existing guidance notwithstanding—had not yet assessed the likely effects of future force reductions on its use of leased space. Therefore, we believe this recommendation remains valid.

In commenting on a draft of this report, DOD stated that the Army had issued new guidance to ensure optimal allocation of the best available

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<sup>66</sup>For example, the DOD *Real Property Efficiency Plan* noted that the Air Force lease program managers instituted a program called "Cease the Lease", which encourages consolidation and lease termination actions at its installations, and the Navy mandated a similar tightly controlled lease process governed by the Navy's Secretariat, both aimed at helping reduce their reliance on leased space.

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facilities to support Army missions, citing a new execution order published by the Army during the time of our review. While this order was published in March 2015, it was not referenced by the Army or DOD until we received the comments at the end December 2015. Upon reviewing the order, which the Army provided, at our request, we learned that the Army intends to execute this order in two phases: Phase One, during which the Army will accurately document existing facility utilization and update its real property master plan; and Phase Two, during which Army will implement the updated plan by consolidating its footprint to the minimum appropriate space and dispose of, or identify for disposal, unneeded leases and facilities. According to Army officials we spoke with in January 2016, the Army extended the completion date for Phase One from the end of June 2015 to the end of August 2015 to allow time to fully account for some planned changes in Army size and force structure. These officials also told us that, while they have identified some leases for elimination, they would not have inventory data for this effort until the end of 2016. According to the execution order, Phase Two is to be completed by October 2021 and status reports will be submitted to Army headquarters annually depicting the progress installations have made in meeting facility footprint reduction timelines and goals. Although we have not had the opportunity to review the implementation of the execution order in detail because Army data has not been available, it does appear to us that, if the process laid out in the execution order is effectively and fully implemented, it may meet the intent of our recommendation. However, until the Army effort is completed—given that the Army holds the majority of DOD leases<sup>67</sup>—we remain concerned that DOD may be at risk of missing out on opportunities to reduce its leased space at a DOD-wide level.

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We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; the Assistant Secretary of Defense (Energy, Installations and Environment); the Under Secretary of Defense (Intelligence); the Secretaries of the Army, Navy, and Air Force; the Commandant of the Marine Corps; the Director of Washington Headquarters Services (WHS); the Administrator, General Services Administration (GSA); the Director, Office of Management and Budget (OMB); and the Secretary of Homeland Security.

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<sup>67</sup> According to DOD, a large proportion of leases in the Army inventory are for joint service programs and defense agencies. Consequently, when implemented, this Army effort may have an impact throughout DOD.

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If you or your staff have any questions about this report, please contact me at (202) 512-4523 or [LeporeB@gao.gov](mailto:LeporeB@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read "Brian Lepore". The signature is fluid and cursive, with the first name "Brian" and last name "Lepore" clearly distinguishable.

Brian J. Lepore  
Director, Defense Capabilities and Management

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### *List of Committees*

The Honorable John McCain  
Chairman  
The Honorable Jack Reed  
Ranking Member  
Committee on Armed Services  
United States Senate

The Honorable Thad Cochran  
Chairman  
The Honorable Richard J. Durbin  
Ranking Member  
Subcommittee on Defense  
Committee on Appropriations  
United States Senate

The Honorable Mark Kirk  
Chairman  
The Honorable Jon Tester  
Ranking Member  
Subcommittee on Military Construction, Veterans' Affairs, and Related  
Agencies  
Committee on Appropriations  
United States Senate

The Honorable Mac Thornberry  
Chairman  
The Honorable Adam Smith  
Ranking Member  
Committee on Armed Services  
House of Representatives

The Honorable Rodney Frelinghuysen  
Chairman  
The Honorable Pete Visclosky  
Ranking Member  
Subcommittee on Defense  
Committee on Appropriations  
House of Representatives



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The Honorable Charlie Dent  
Chairman  
The Honorable Sanford Bishop  
Ranking Member  
Subcommittee on Military Construction, Veterans Affairs,  
and Related Agencies  
Committee on Appropriations  
House of Representatives

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# Appendix I: Scope and Methodology

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To determine the extent to which the Department of Defense (DOD) has accurate and complete data on the number, size, and costs of its leases, we obtained and analyzed selected data elements from the Real Property Assets Database (RPAD) for fiscal years 2011 and 2013, as well as data from the military departments' and Washington Headquarters Services' (WHS)<sup>1</sup> real property inventory systems.<sup>2</sup> We assessed the reliability of DOD's real property lease data by (1) interviewing agency officials knowledgeable about the data, (2) performing electronic testing for obvious errors in accuracy and completeness, (3) reviewing documentation for the various real property data systems covered in this review and taking steps to corroborate certain records and data elements against the source data provided by the military departments and WHS, and (4) selecting a statistical random sample of the most current data and analyzing it by comparing records in the sample to the data submitted by the military departments and WHS.

We chose to analyze DOD's leases in fiscal year 2011 because that was the final year of a 6-year period to implement the 2005 base closure and realignment (BRAC) recommendations for DOD activities occupying leased space and the lease records in fiscal year 2013 because those

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<sup>1</sup>WHS is a DOD agency that, among other things, manages DOD leased facilities within the National Capital Region that are not managed by the military departments. WHS aligns under the Director of Administration in the Office of the Deputy Chief Management Officer.

<sup>2</sup>For the purposes of this review, we evaluated the real property records that were identified in RPAD as "grants," and had a real property type designation of "lease." Throughout this report, we refer to these records as "leases" because of their real property type designation. These records represented DOD's interest in or rights to the real property that were acquired and conveyed through various legal documents—such as a lease, easement, or lesser interest (right-of-entry, right-of-way, license, host-tenant agreement, or permit)—for a specific period, typically in exchange for payment of rent or other specified consideration to the owner. DOD acquires these interests in real property from private organizations, the General Services Administration (GSA), and state and local organizations. In addition, some records represented instances in which DOD was using real property that is owned by a federal agency other than GSA. While a military service or defense agency may acquire real property from another federal agency, military service, or defense agency—or from another organization within the same military service or defense agency—we did not include these types of transactions in our review. While these records are identified as leases in RPAD, DOD is typically granted rights to use real property owned by other federal agencies through permits, licenses, or use agreements rather than leases and at minimal costs, if any. Additionally, there were other cases in which some of these records were outside of the scope of our review. For example, some records reflected agreements in which a private organization or state or local agency rather than a military service or defense agency was identified as the tenant.

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were the most recent data available at the time we initiated this review. We also obtained real property data from the General Services Administration (GSA) for the leased assets it manages on behalf of DOD for fiscal years 2011 and 2013. However, GSA's real property management system does not retain historical information; as a result, GSA researched old files and compiled the information that was available in an attempt to satisfy our data requests.<sup>3</sup> Due to a lack of historical information for fiscal years 2011 and 2013, there were a number of inconsistencies in the data provided. For example, lease numbers were not available for fiscal year 2011, and the lease start and expiration dates were not available for fiscal year 2013. The lack of available data for fiscal years 2011 and 2013 prevented us from conducting a year-to-year comparison of the GSA data and from producing any meaningful results about the number, size, and cost of the leased space DOD occupies through GSA occupancy agreements. We were able to use the data to help us determine the process DOD uses to track its leases and to make some comparisons of the GSA data with data contained in RPAD to determine, among other things, what type of data are collected for management purposes and whether duplicate records existed.

The scope of this review included records for real property that DOD acquires from private organizations, GSA, and state organizations. While we obtained data on transactions in which a military service or defense agency acquired real property from another federal agency, military service, or defense agency—or from another organization within the same military service or defense agency—we excluded those records because they are typically permits, licenses, or use agreements rather than leases, with minimal costs, if any. We used standard statistical software to link the grant, asset, site, and disposal tables included in RPAD so that we could analyze the complete records for each DOD leased asset to determine whether these data were sufficiently reliable to report on the number, size, and cost of DOD leased assets. We performed three types of analyses to determine the accuracy and completeness of 12 specific data elements in RPAD that are used to

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<sup>3</sup>GSA's real property management system, *Real Estate Across the United States*, is a real-time database that contains owned and leased space that it manages and assigns to other federal agencies using occupancy agreements. According to GSA officials, in compiling data in response to our data requests, they were restricted to only the data that were maintained offline at the end of a given fiscal year, and because there is no guidance about the type of historical data that should be maintained, the files did not contain consistent data from year to year.

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provide identifying information on DOD's leased assets, as well as the type, size, date, status, and cost of the leased assets.<sup>4</sup>

- First, we performed electronic testing for obvious errors in accuracy and completeness of the 5,965 lease records for fiscal year 2011 and the 5,538 leased records for fiscal year 2013.<sup>5</sup> Specifically, we conducted a series of tests to determine whether each data element contained data, as required, and whether the data satisfied certain business rules established by the managers of RPAD, such as the annual rent amount must be equal to or less than the annual rent plus other costs amount, and the value of these cost data elements must be greater than or equal to zero.
- Second, since the Army had the largest number of lease records in RPAD—4,695 (approximately 79 percent) of 5,965 records in fiscal year 2011 and 4,210 (approximately 76 percent) of the 5,538 records in fiscal year 2013—we compared the records representing the Army's lease assets to the lease records maintained in the Army Rental Facilities Management Information system to determine whether the data for each of the data elements submitted by the Army matched the data in RPAD for those same 2 years.
- Third, based on a universe of 5,566 lease records<sup>6</sup> from RPAD for fiscal year 2013 (the most current data available when we initiated our

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<sup>4</sup>For each military department and WHS we obtained data for the following 12 data elements: real property unique identifier, instrument number, real property asset type, lease base annual dollar amount, lease annual cost amount, lease start date, lease end date, lease termination date, lease status, unit of measure amount, unit of measure type, and disposal completion date.

<sup>5</sup>DOD provided us 6,004 real property records for fiscal year 2011 and 5,566 real property records for fiscal year 2013. However, for fiscal year 2011, there were 11 records that were excluded from this review because a private organization rather than a military service or defense agency was identified as the tenant for the leased space, which is outside of our scope of this review. An additional 28 RPAD records in fiscal years 2011 and 2013 were excluded from our review because they represent instances in which DOD is using real property that is owned by a federal agency other than GSA. While these records are identified as leases in RPAD, DOD is typically granted rights to use real property owned by other federal agencies through permits, licenses, or use agreements rather than leases, and at minimal costs, if any. In fact, 25 of these RPAD records indicated that DOD incurred no annual costs for use of the other federally owned real property.

<sup>6</sup>The random sample was generated using the total number of records DOD provided for fiscal year 2013, instead of the 5,538 lease records, which excludes the 28 records that represent instances in which DOD is using real property that is owned by a federal agency other than GSA.

review), we took a random sample of 132 records and compared this statistical random sample of records to source data to examine the extent of data accuracy. Specifically, we compared the RPAD data for the specific data elements identified earlier to the data the military departments and WHS submitted from their real property databases to the Office of the Assistant Secretary of Defense (Energy, Installations and Environment), Business Enterprise Integration Directorate, to determine whether there were any discrepancies, errors, or omissions in RPAD. The results of our analysis are generalizable across all lease records for fiscal year 2013, with a 95 percent chance that the difference between the estimated and the true population percentage is within 10 percentage points.

We also gathered and analyzed documentation, such as DOD directives and instructions and military-department regulations reflecting DOD's and the military departments' management of real property and how DOD uses the data in RPAD. We also interviewed officials from the following real property management offices and agencies: Office of the Deputy Assistant Secretary of the Army (Installations, Housing, and Partnerships); Office of the Assistant Secretary of Defense (Energy, Installations and Environment), Business Enterprise Integration Directorate; WHS (Facilities Services Directorate), Space Portfolio Management Division; Department of the Army, Chief of Staff for Installation Management (Operations Directorate), Operations Division; U.S. Army Corps of Engineers (Real Estate); Department of the Navy, Naval Facilities Engineering Command; Department of the Air Force, Director of Civil Engineers (Installation Operations Branch); and GSA to obtain information about the management of their real property management systems.

Based on the results of our analysis, we determined that data from RPAD were neither accurate nor complete, and, as such, the data were not sufficiently reliable for our use to determine the number of leases and the size and cost of all of DOD's leased assets for fiscal years 2011 and 2013.

To determine the extent to which DOD has taken actions to reduce its reliance on leased space since 2011, we obtained and reviewed the 2005 BRAC Commission report to identify recommendations for realigning and closing some DOD leased facilities that had to be implemented by September 15, 2011. We also reviewed DOD's 2013 Freeze the Footprint report, submitted to the Office of Management and Budget (OMB) to identify DOD's planned initiatives to reduce its domestic office and

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warehouse space (including both leased and owned space).<sup>7</sup> We also interviewed DOD and Army real property officials to discuss their planned initiatives for leased space in order to meet the Freeze the Footprint requirements. Specifically, we obtained documentation and interviewed officials from the Office of the Assistant Secretary of Defense (Energy, Installations and Environment), Business Enterprise Integration Directorate; Department of the Army, Chief of Staff for Installation Management (Operations Directorate), Operations Division; and U.S. Army Corps of Engineers (Real Estate). We focused our work for this objective on the Army because in its role as executive agent for joint service programs and some defense agencies, as well as its own mission needs, it occupies and manages the majority of the leases in DOD's real property inventory reporting system. We also gathered documentation and interviewed officials within the WHS (Facilities Services Directorate), Space Portfolio Management Division to obtain examples of DOD reoccupying leased space previously vacated in the National Capital Region as a result of the 2005 BRAC recommendations. The National Capital Region was the primary focus of the 2005 BRAC recommendations that involved moving DOD activities from leased space to government-owned space. We obtained DOD reports on the number and location of its leases and interviewed officials who maintain the related lease data. We also reviewed our December 2013 report that identifies DOD installations that may have available administrative office space based on the inactivations of 10 Army Brigade Combat Teams that are expected to begin in fiscal year 2017.<sup>8</sup> We then analyzed some of the lease data from RPAD for fiscal year 2013 to determine whether any opportunities exist for DOD to reduce its leased space in geographic locations that are in close proximity to the DOD installations that may

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<sup>7</sup>Office of Management and Budget Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations* (May 11, 2012), describes a series of policies and practices related to reducing costs and improving efficiencies in government real estate, among other things, and builds on measures already in place at various agencies. In March 2013, OMB issued clarifying guidance for implementing the real property portion of the May 2012 memorandum, Office of Management and Budget Management Procedures Memorandum No. 2013-02, *Implementation of OMB M-12-12 Section 3: Freeze the Footprint* (Mar. 14, 2013). For fiscal year 2013, DOD submitted multiple Freeze the Footprint reports to OMB, including one for each of the military departments, WHS, and the U.S. Army Corps of Engineers. However, for fiscal year 2014, DOD submitted one consolidated report.

<sup>8</sup>GAO, *Defense Infrastructure: Army Brigade Combat Team Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process*, [GAO-14-76](#) (Washington, D.C.: Dec. 11, 2013).

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have unutilized or underutilized facilities based on these planned force structure reductions. We chose fiscal year 2013 data because those were the most recent data available at the time we initiated this review. We did not use DOD's current utilization of facilities data because in our September 2014 report we reported that utilization data continued to be incomplete and inaccurate although utilization data had improved since we previously reported on them in 2011.<sup>9</sup>

To determine the extent to which DOD has oversight of the status of security assessments of leased facilities obtained through GSA, we collected information regarding facility security assessments for DOD-leased space for fiscal years 2011 and 2013. We selected these years to match our review of DOD lease records. We reviewed and analyzed the Federal Protective Service tracking schedule for the facility security assessments it performs for DOD's leased facilities and found the information contained numerous data issues, such as assessments scheduled and conducted outside of required time frames and missing assessment dates. We examined the facility assessment schedules for 500 leased facilities for fiscal year 2011 and 484 leased facilities for fiscal year 2013. Many of these facilities had multiple leases or occupancy agreements. The data we reviewed included 1,043 lease numbers or occupancy agreements for fiscal year 2011 and 1,051 lease numbers or occupancy agreements for fiscal year 2013. We held several meetings with Federal Protective Service officials and gathered follow-up documentation regarding inconsistencies and missing facility security assessment data. We also reviewed prior GAO reports on this issue. We reviewed DOD directives and instructions, as well as other related documentation, such as the Interagency Security Committee standards, to determine which DOD organization has oversight responsibility for facility security assessments and physical security, as well as the scope of this responsibility. We interviewed officials from the Office of the Assistant Secretary of Defense (Energy, Installations and Environment), Facility Investment Management; Office of the Assistant Secretary of Defense (Energy, Installations and Environment), Business Enterprise Integration Directorate; Office of the Under Secretary of Defense (Intelligence); U.S. Army Corps of Engineers (Real Estate); U.S. Army

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<sup>9</sup>GAO, *Defense Infrastructure: DOD Needs to Improve Its Efforts to Identify Unutilized and Underutilized Facilities*, [GAO-14-538](#) (Washington, D.C.: Sept. 8, 2014), and *Excess Facilities: DOD Needs More Complete Information and a Strategy to Guide Its Future Disposal Efforts*, [GAO-11-814](#) (Washington, D.C.: Sept. 19, 2011).

Corps of Engineers (Operational Protection Division), Directorate of Contingency Operations; and the Pentagon Force Protection Agency to determine whether DOD receives information on the status of facility security assessments.

In addition, we interviewed officials from WHS (Facilities Services Directorate), Space Portfolio Management Division; Office of the Deputy Assistant Secretary of the Army (Installations, Housing and Partnerships); Department of the Army, Assistant Chief of Staff for Installation Management (Operations Directorate), Operations Division; Department of the Navy, Naval Facilities Engineering Command; Department of the Air Force, Director of Civil Engineers (Installation Operations Branch); Federal Protective Service; and the Pentagon Force Protection Agency to obtain general information on the status of their facilities meeting security requirements. We examined the reliability of the facility security assessments data obtained from the Federal Protective Service by determining whether (1) facility security levels had been determined for each facility and (2) facility security assessments had been completed or planned within the required periods. Because of the incomplete and inaccurate data, we determined that the Federal Protective Service facility security assessment tracking data were not sufficiently reliable to determine whether the facility security assessments had been completed as required. Additionally, in August 2012, we reported that Federal Protective Service's facility security assessments data for fiscal year 2011 contained a number of missing and incorrect values that made the data unreliable to determine the extent of their backlog of assessments that needed to be completed.<sup>10</sup> We also reviewed the Pentagon Force Protection Agency's tracking schedule for the facility security assessments it performs for the DOD leased facilities for which it is responsible to determine whether required assessments had been completed. We found that the Pentagon Force Protection Agency's data were sufficiently reliable for our purposes.

We conducted this performance audit from July 2013 to March 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our

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<sup>10</sup>GAO, *Federal Protective Service: Actions Needed to Assess Risk and Better Manage Contract Guards at Federal Facilities*, [GAO-12-739](#) (Washington, D.C.: Aug. 10, 2012).



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findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Comments from the Department of Defense



ENERGY,  
INSTALLATIONS  
AND ENVIRONMENT

## OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

3400 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3400

DEC 31 2015

Mr. Brian J. Lepore  
Director, Defense Capabilities and Management  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Lepore:

Enclosed please find the Department of Defense (DoD) response to the Draft Report GAO-16-101, "DEFENSE INFRASTRUCTURE: More Accurate Data Would Allow DOD to Improve the Tracking, Management, and Security of Its Leased Facilities," dated November 10, 2015 (GAO Code 351850).

The report does not provide full consideration by GAO of efforts DoD initiated regarding leased facilities, specifically those associated with the Army's force reduction efforts and the Department's support and response to the Administration's National Strategy for Real Property (National Strategy) and the Reduce the Footprint policy. As a result, the report leaves a misperception of DoD's commitment to efficient use of its real property and its efforts to reduce and control the use of leased space over the use of DoD owned space. We address these efforts in our comments to the recommendations.

The report mischaracterizes how DoD used the Base Realignment and Closure (BRAC) 2005 to achieve lease space reductions and overstates the extent to which evolving or new missions repopulated a small percentage of the BRAC-identified spaces. When the Department realigned personnel from 12 million square feet (MSF) of leased space, the Department met its legal obligation to complete the BRAC recommendations. The DoD's reoccupation of nine percent (1.1MSF) of that leased space for new mission and lease consolidation opportunities is not a reversal of BRAC nor does it offset savings attributable to BRAC. A prudent property management approach includes the consideration of available leased space to accommodate changing demands and new missions when adequate DoD owned space is unavailable.

Thank you for the opportunity to comment on the draft report. Should you have questions, please contact Mr. Bob Coffman, at 571-372-6840, [robert.a.coffman10.civ@mail.mil](mailto:robert.a.coffman10.civ@mail.mil).

Sincerely,

Peter J. Potochney  
Deputy Assistant Secretary of Defense (Basing)  
Performing the Duties of the Assistant Secretary of Defense  
(Energy, Installations and Environment)

Enclosure:  
As stated

GAO DRAFT REPORT DATED NOVEMBER 10, 2015  
GAO-16-101 (GAO CODE 351850)

**“DEFENSE INFRASTRUCTURE: MORE ACCURATE DATA WOULD ALLOW DOD  
TO IMPROVE THE TRACKING, MANAGEMENT, AND SECURITY OF ITS LEASED  
FACILITIES”**

**DEPARTMENT OF DEFENSE COMMENTS  
TO THE GAO RECOMMENDATION**

**RECOMMENDATION 1:** To improve DoD’s ability to oversee its inventory of leased real property, the GAO recommends that the Secretary of Defense direct the Secretary of the Army to enforce DoD’s Real Property Inventory (RPI) Reporting Guidance that states that for multiple assets associated with a single lease, the military departments and WHS provide a breakout of the annual rent plus other costs for each asset on the same lease, to avoid overstating costs associated with such leases.

**DoD RESPONSE:** Concur.

**RECOMMENDATION 2:** To improve DoD’s ability to oversee its inventory of leased real property, the GAO recommends that the Secretary of Defense direct the Assistant Secretary of Defense (Energy, Installations and Environment) to modify its Real Property Information Model to include a data element to capture the square footage for each lease of space in a single building and also make a corresponding change to its Real Property Inventory (RPI) Reporting Guidance to require that the square footage for each individual lease be reported when multiple leases exist for a single building, to avoid overstating the total square footage assigned to each lease in RPAD.

**DoD RESPONSE:** Non-Concur. We agree the identified issue exists, but not with the recommended solution. The addition of an additional data element may well serve as an indicator, however, we believe sufficient information presently exists and the underlying cause is a data aggregation issue. The Business Enterprise Architecture allows for multiple use records and instrument numbers (e.g., leases) to be assigned to a single asset. This structure and the capability to capture square footage for multiple leases in a single asset are built into our new Data Analytics and Integration Support (DAIS) platform. When fully deployed by Fiscal Year 2017, DAIS will serve as the near real time data warehouse of the DoD real property inventory. It will perform the data collection, verification, and validation of the real property inventory data submitted by each Military Department and by the Washington Headquarters Services (WHS).

**RECOMMENDATION 3:** To help reduce facility costs and reliance on leased space, the GAO recommends that the Secretary of Defense direct the secretaries of the military departments to require that their departments look for opportunities to relocate DoD organizations in leased space to installations that may have underutilized space due to force structure reductions or other indicators of potentially available space, where such relocation is cost effective and does not interfere with the installation’s on going military mission.

**DoD RESPONSE:** Non-Concur. Existing DoD policy requires the effective and efficient use of DoD real property and current initiatives in each of the Military Departments and WHS reflect adherence to this policy. Given each of the Military Departments and WHS have implemented initiatives to reduce their dependence on leased space, especially where existing DoD assets may exist, an additional directive from the Secretary of Defense is not required.

Facing changes to infrastructure requirements as a result of Force Reductions, the Army published on March 31, 2015, EXORD 164-15, providing specific emphasis on moving Army activities out of leased space where economically prudent.

The DoD's Real Property Efficiency Plan released on October 1, 2015, highlights DoD progress in this area. For example, the Army has reduced its leased office space by 94,000 square feet (SF). The result of the WHS Leased Space Reduction Phase I was a net reduction 1.1 million square feet through 88 separate actions. The Air Force lease program managers recently instituted a program called "Cease the Lease" encouraging consolidation/lease termination actions at the installations, with the Navy mandating a similar tightly controlled lease process governed by the Secretariat.

**RECOMMENDATION 4:** To improve DoD's ability to ensure that its leased facilities are secure, the GAO recommends that the Secretary of Defense direct the Under Secretary of Defense (Intelligence) to request reports from the Federal Protective Service for all leased facilities on a periodic basis as determined necessary for oversight. At a minimum, the Under Secretary should request: the results of the assessments; the date in which the last assessment was completed for each facility and the date for which the next scheduled assessment is planned; and information on whether these dates meet the time frames establish by Interagency Security Committee standards.

**DoD RESPONSE:** Concur. The USD(I) will collaborate with the Federal Protective Service (FPS) to obtain the listing of the leased facilities the FPS supports, and will monitor and provide oversight of the scheduling of the assessments, and review the results of the assessments.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Brian J. Lepore, (202) 512-4523 or [leporeb@gao.gov](mailto:leporeb@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Harold Reich, Assistant Director (retired); Maria Storts, Assistant Director; Ronald Bergman; Virginia Chanley; Tammy Conquest; Linda Keefer; Joanne Landesman; Jacqueline McColl; Dae Park; David Sausville; James Ungvarsky (retired); and Michael Willems made key contributions to this report.

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# Related GAO Products

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*Underutilized Facilities: DOD and GSA Information Sharing May Enhance Opportunities to Use Space at Military Installations.* [GAO-15-346](#). Washington, D.C.: June 18, 2015.

*High-Risk Series: An Update.* [GAO-15-290](#). Washington, D.C.: February 11, 2015.

*Defense Infrastructure: DOD Needs to Improve Its Efforts to Identify Unutilized and Underutilized Facilities.* [GAO-14-538](#). Washington, D.C.: September 8, 2014.

*Federal Protective Service: Protecting Federal Facilities Remains a Challenge.* [GAO-14-623T](#). Washington, D.C.: May 21, 2014.

*Federal Facility Security: Additional Actions Needed to Help Agencies Comply with Risk Assessment Methodology Standards.* [GAO-14-86](#). Washington, D.C.: March 5, 2014.

*Homeland Security: Federal Protective Service Continues to Face Challenges with Contract Guards and Risk Assessments at Federal Facilities.* [GAO-14-235T](#). Washington, D.C.: December 17, 2013.

*Defense Infrastructure: Army Brigade Combat Team Inactivations Informed by Analyses, but Actions Needed to Improve Stationing Process.* [GAO-14-76](#). Washington, D.C.: December 11, 2013.

*Homeland Security: Challenges Associated with Federal Protective Service's Contract Guards and Risk Assessments at Federal Facilities.* [GAO-14-128T](#). Washington, D.C.: October 30, 2013.

*Federal Real Property: Greater Transparency and Strategic Focus Needed for High-Value GSA Leases.* [GAO-13-744](#). Washington, D.C.: September 19, 2013.

*Federal Protective Service: Challenges with Oversight of Contract Guard Program Still Exist, and Additional Management Controls Are Needed.* [GAO-13-694](#). Washington, D.C.: September 17, 2013.

*Military Bases: Opportunities Exist to Improve Future Base Realignment and Closure Rounds.* [GAO-13-149](#). Washington, D.C.: March 7, 2013.

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Facility Security: Greater Outreach by DHS on Standards and Management Practices Could Benefit Federal Agencies. [GAO-13-222](#). Washington, D.C.: January 24, 2013.

*Federal Protective Service: Actions Needed to Assess Risk and Better Manage Contract Guards at Federal Facilities.* [GAO-12-739](#). Washington, D.C.: August 10, 2012.

*Military Base Realignments and Closures: Updated Costs and Savings Estimates from BRAC 2005.* [GAO-12-709R](#). Washington, D.C.: June 29, 2012.

*Excess Facilities: DOD Needs More Complete Information and a Strategy to Guide Its Future Disposal Efforts.* [GAO-11-814](#). Washington, D.C.: September 19, 2011.

*Federal Real Property: Overreliance on Leasing Contributed to High-Risk Designation.* [GAO-11-879T](#). Washington, D.C.: August 4, 2011.

*Federal Protective Service: Actions Needed to Resolve Delays and Inadequate Oversight Issues with FPS's Risk Assessment and Management Program.* [GAO-11-705R](#). Washington, D.C.: July 15, 2011.

*Federal Protective Service: Progress Made but Improved Schedule and Cost Estimate Needed to Complete Transition.* [GAO-11-554](#). Washington, D.C.: July 15, 2011.

*Homeland Security: Protecting Federal Facilities Remains a Challenge for the Department of Homeland Security's Federal Protective Service.* [GAO-11-813T](#). Washington, D.C.: July 13, 2011.

*Federal Facility Security: Staffing Approaches Used by Selected Agencies.* [GAO-11-601](#). Washington, D.C.: June 30, 2011.

*Federal Real Property: Progress Made on Planning and Data, but Unneeded Owned and Leased Facilities Remain.* [GAO-11-520T](#). Washington, D.C.: April 6, 2011.

*Building Security: New Federal Standards Hold Promise, But Could Be Strengthened to Better Protect Leased Space.* [GAO-10-873](#). Washington, D.C.: September 22, 2010.



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